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EVENTUALLY . . .
WHY NOT NOW!**

*Trademark — Del-e-tape "The Eradicable typewriter ribbon."

THURSDAY, JUNE 1, 1950

IT'S TIME TO STOP!

Warns Harry Hazard



Keep your windshield clean.



Avoid Diagonal crossings.



Don't dart out into traffic from between parked cars.



Have your brakes checked frequently.



Always face traffic when walking on country roads.



Know your state traffic laws. Obey them!

HARRY HAZARD, who aids local agents in selling complete insurance protection, is busy this month helping agents "sell safety."

HARRY is out to "sell" people on staying alive and uninjured by obeying the simple but vital rules of traffic safety . . . both as a driver and as a pedestrian!

Accident prevention should be the personal concern of everyone in the insurance business.

What have you done for Community Safety this month?

The American Insurance Co. Bankers Indemnity Insurance Co. The Columbia Fire Insurance Co. The Jersey Fire Underwriters

© The American Insurance Co.

1846
The American Insurance Group

Crafts Delineates Ideas on National Multiple Rating

Advices Caution on Deductibles; Asks for Proper Concept

NEW YORK—National rating bodies are desirable for all classes of business when their authority is limited to laying down broad principles and formulas as respects rating practices which will produce approximately the same premium charges for similar risks exposed to the same hazards, regardless of where located and for the purpose of collecting statistical data for large enough areas and on a sufficient volume of premiums to provide a sound basis for rating.

Thus James F. Crafts, president of Fireman's Fund group, summed up his attitude toward a currently much discussed idea, in his talk before approximately 300 at a luncheon of the Risk Research Institute here. The crowd included a number of insurance executives.

Expense Saving Obvious

Such a national rating organization would be particularly effective if it dealt with all classes of insurance, Mr. Crafts said. Under it, coordination and expense saving possibilities are obvious. Principles and formulas developed by a national body could then be applied for all classes and through a single multiple line rating body on a local, state or area basis so as to provide the maximum flexibility to treat with unusual situations and to bring insurance to the consumer at the lowest cost consistent with a reasonable profit for the underwriter.

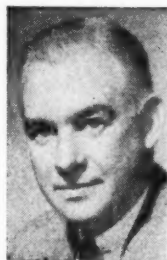
It has been particularly interesting to compare developments in rate regulation in California in the past 2½ years with those in the remaining states, inasmuch as in California regulation is less extensive than in other states with the so-called all industry statute.

Deviations Only Avenue

From the viewpoint of private enterprise, those who supported maximum control legislation have found they are faced increasingly with the kind of supervision and direction which perhaps they had hoped to avoid, he said. Independence of thought and action is available only through filing deviations, with supporters and opponents going through long hearings to find the answer from a supervisory official "who seems to fully enjoy his policing authority." In California insurance has had the opportunity to solve its problems free of arbitrators, regardless of how well qualified.

He suggested that as to state regulation, one cannot help but envision the effects of a federal pattern of insurance which could easily be the result if all premium costs were determined only through a national rating body. It is

(CONTINUED ON PAGE 20)



James F. Crafts

Employee Relations at Royal-Liverpool

Thousands of employees of the Royal-Liverpool group were carrying home their own copies of the group's 1949 annual report to employees as members of the insurance press entered the group building recently for a press conference with H. C. Conick, U. S. manager. Mr. Conick said that one very great value of distributing the 32-page report was to take information about it, its executives, place of business, operations and employment opportunities to the homes of employees. He mentioned the hearty response which the first annual report to employees last year got from retired employees. Many of them wrote in to express their appreciation and pleasure.

Employment selection at the Royal-Liverpool group is never left to chance although many hundreds apply each year of their own volition for jobs there. One girl of every ten who applies for a job is employed. Recently for clerical help representatives of the company visited 38 high schools and spoke to group meetings of about 1,350 girls. There some explanation of opportunities has been given. However, a real center for aid in recruiting from the high schools is the school guidance directors.

Some More Successful

A study of the results obtained in various schools discloses that some of these directors are more successful than others in sending out for possible employment girls who are likely to make good. Wherever superior guidance directors are located, that school is getting preferential attention for the next supply of help. In order to obtain an insight into a prospective girl employee's self-discipline and sense of responsibility home interviews are made since it has been found that employees from an environment where moral responsibility and discipline is recognized are much more likely to meet the exacting test of business.

Mr. Conick said that about 800 of the 3,800 employees were ranked as top personnel and that it was essential to have definite plans for obtaining and holding those men. For recruiting, representatives of the group visit 24 colleges. What is happening this year at the colleges is that the top 15% to 20% of any class as measured by desirability will receive from three to ten offers of jobs. The remaining 85% may have difficulty in obtaining attractive jobs. The most powerful lure in obtaining high grade college graduates is a company training program which is very definite and specific in showing the man how he is going to develop and progress accompanied by a specific salary schedule which carries the man through to the place where he begins to be completely on his own for future advancement.

Auxiliary Attractions

Desirable job candidates are not attracted today by a job only. They want to know that they are going to be carefully and thoroughly taught and just how they are going to become practiced in the skills which they will have to acquire in order to advance in the business.

A college man to get into the wanted group may not necessarily have had the best grades nor has he necessarily been the top leader in many organizations on the campus. It is considered better that a man of moderately high intelligence shall have made the most of his abilities than that he shall be brilliant. Moreover the man who has done too much joining is not looked upon with favor. Rather the purpose is to select a man who may have done one thing well and got to the top in some one

(CONTINUED ON PAGE 20)

N. Y. Coinsurance Waiver Case Is Won by Insurers

A provision in the New York standard average clause that no special inventory or appraisal of the undamaged property shall be required in the event the claim for loss is both less than \$10,000 and less than 5% of the total amount of insurance does not waive the coinsurance provisions of the standard average clause. This decision, just rendered by court of appeals, the highest tribunal in New York, sustains the position of the fire insurance companies in a dispute with New York Life that involves principles far overshadowing the amount in controversy. The loss was \$6,296 and the recoverable loss, due to the application of coinsurance principle, was but \$2,459.

The fire insurers were U. S. Fire, Glens Falls and Hartford.

The loss occurred to the old New York Life building at 346 Broadway, New York. Insured carried \$500,000 with 80% coinsurance.

An appraisal was demanded by the insurers and appraisers were named by both sides. They could not agree on an umpire and on petition of the insurers, an umpire was appointed by the New York supreme court. The umpire and the appraiser for the fire companies determined the sound value of the building to be \$1,600,000 and the loss to be \$6,296. The New York Life appraiser refused to join in the award.

Nature of Controversy

New York Life contended that because the loss was less than \$10,000 and less than 5% of the total amount of insurance, the coinsurance requirements were waived. The fire insurers, however, insisted that the provision for elimination of special inventory or appraisal was not a waiver of the coinsurance provision.

Also it was argued that to permit waiver of coinsurance here would constitute discrimination in favor of New York Life. Each classification of property, the insurers declared, is supposed to yield premiums sufficient to pay losses and expenses of operation. The amount necessary to pay these items is spread over valuations in each class based upon the rule that insurance shall be carried to the extent of at least 80% to value. Thus, the rate when spread over 80% of a given class is obviously much lower than if it were spread over a smaller percentage of value.

The coinsurance provision gives to an insured a lower rate than would be charged if coinsurance were not the rule. They went on to emphasize that if coinsurance is not to be made applicable to small losses, owners could carry insurance to the extent of a small percentage to value and receive full payment in event of a partial loss. This would have a tremendous effect on the rate structure. The same amount of premium income would be necessary. That income, spread over a small percentage of value would increase the rate materially.

Fire School Leaders

At the Illinois fire college at University of Illinois June 20-23 those on the program include A. H. Gent, of Illinois Inspection Bureau; John E. Barman, Missouri Inspection Bureau; Elmer Reske, manager of Cook County Inspection Bureau; Harry H. Wolff, Western Actuarial Bureau; George Tattall, National Board; Frank C. McAuliffe of Chicago Fire Insurance Patrol; A. H. Arnold, National Board.

N.A.U.A. Introduces Age Factor in Collision Rating

Non-Business Use, No Young Driver Risk Gets Reduction

Filings have been made by National Automobile Underwriters Assn. in a few states of its collision classification plan that was approved at the recent special meeting at New York.

Premium reductions are provided in the collision insurance cost for cars not used in business and not driven by operators under age 25.

A statement must be signed by the applicant or by the producer indicating that the use of the automobile is not required in business except in going to and from a principal place of occupation, and that there is no operator under 25 years of age resident in the household or employed as a chauffeur. This reduced rate group is to be known as class one and the others as class two.

There is an endorsement to be attached to contracts rated as class one stating what the significance is of this classification and there is a form for signature of applicant or producer.

Georgia, Ohio, Approve

Commissioner Cravey of Georgia has approved this new classification plan along with an auto comprehensive and collision rate revision.

The rates for comprehensive cover, both city and country territories, were reduced approximately 15%.

Collision insurance for cars more than 18 months old were reduced approximately 10%.

The reduction is about 10% for the new class 1 collision.

Mr. Cravey estimates the reductions will save Georgians approximately \$1½ million annually.

The Ohio department has approved the collision classification rating plan of N.A.U.A. with a reduction in rates of about 10% for class one, effective June 5.

Broad Policy to Cover Thefts from Civic Groups

North America and Philadelphia F. & M. have a new broad policy covering theft of funds from civic groups such as chambers of commerce, Rotary clubs, P-T associations, historical societies, junior leagues and other non-profit groups. The rate is \$7 per thousand, minimum premium \$10. The coverage includes theft, destruction, disappearance of money and securities, damage to premises and furniture, fixtures, equipment, safes and vaults caused by theft or attempted theft, except fire damage. A special clause indemnifies the insured against court costs and attorney's fees paid in the defense of a legal suit which, if established, would constitute a claim.

Only exclusions are war and misdelivery. A limitation of 20% of total insurance is placed on money. Groups with substantial cash exposures are not eligible. The policy will not be filed in New York, Louisiana or Texas, but may now be written in every other state and in Canada.



American Equitable Assurance Company of New York

Organized 1918

Globe & Republic Insurance Company of America

Established 1862

Merchants and Manufacturers Insurance Company of New York

Organized 1849

New York Fire Insurance Company

Incorporated 1833



Corroon & Reynolds, Inc.

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Losses paid exceed Three Hundred Fifty Million Dollars

1910

1950

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of factual appraisal service to
America's more conservative business institutions



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INDUSTRIAL and COMMERCIAL
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DISTRICT OFFICES IN ALL PRINCIPAL CITIES

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RECOGNIZED AUTHORITY ON PHYSICAL VALUES

APPRAISERS ENGINEERS

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\$7½ Million Is S. Amboy Estimate

Estimate of damage in the South Amboy, N. J., munitions explosion still favors the \$7½ million figure with at least 10,000 and possibly 15,000 individual losses. There were about half a dozen large losses. These included Pennsylvania Railroad, installations and pier, and American Agricultural Chemical Co., which suffered heavy damage to its plant. The latter, for which O'Brien, Russell & Co. of Boston is the broker, is self insured.

Another large insured was the titanium plant of National Lead Co. Schools and churches which suffered extensive damage were insured.

Under its catastrophe plan setup National Board has asked adjusters to consider the extended coverage glass clause deleted, in respect to losses arising out of this disaster only. The apportionment clause would still rule.

The Coast Guard inquiry continues into cause of the explosion in which some 600 tons of munitions and dynamite destined for Pakistan and Afghanistan went off. There was testimony to the effect that detonator caps were attached to mines, that munitions were allowed to pile up beyond safe concentration, boxes of munitions were not attended all the way down the chute from pier to barge.

Three members of the Healing family, a 65 year old concern, that had specialized in and was the largest mover of munitions in the New York port area were killed in the blast. The cargo was mostly aboard the Healing Litterage Co.'s barges when it blew.

Texas Splash Dates Set

The dates for the annual splashes of the Texas Blue Goose ponds, at which J. Ray Hull of Indianapolis, most loyal grand gander, will speak are: Texas pond at Dallas, June 16; Alamo pond at San Antonio, June 19; West Texas pond at Abilene, June 23. Mr. Hull also will address a luncheon meeting of the South Texas pond at Houston June 19.

Shuttles Resigns Allied Post

Arthur D. Shuttles, assistant general manager of Allied Fire of Utica, has resigned that position effective Aug. 1. Mr. Shuttles intends to take a month's vacation and his future plans are undecided.

Excess Covers Hit by May 5-6 Blow

Reinsurers anticipate they have substantial liability as a result of the May 5-6 windstorms in the middle west. One estimated that the storm would cost insurance \$15 to \$20 million. To just what extent reinsurers will participate, it is too early to tell.

Many insurers, including some substantial stock carriers, have become nervous in recent years about the catastrophic possibilities of wind and have purchased catastrophe excess covers above \$100,000. Numerous mutual companies have catastrophe cover above that figure and London Lloyds is expected to get a load of the reinsurance liability on the May 5-7 blows. This type of cover will be hit hard.

There will be few claims under regular treaties, as the individual losses were small and dwelling lines are kept in whole by many insurers.

Fire Protection Manual

An illustrated manual dealing with the planning and supervisory phases of fire protection has been published by Associated Factory Mutual Fire Insurance Companies.

Entitled "Organizing Your Plant for Fire Safety," the manual emphasizes suggested procedures for the guidance of management, and reflects the methods now in use in many of the leading industries. It outlines the routine for inspection and maintenance of protective systems and fire fighting equipment, for preventing or controlling sprinkler shut-offs, and for handling emergencies such as fires, floods and hurricanes. Many suggestions for training plant personnel in fire prevention and fire fighting are included. There is a comprehensive discussion of fire causes and their correction, based on more than 20,000 industrial fires.

Hear Farmers Insurers' Row

LINCOLN, NEB. — Insurance Director Stone held a hearing on the long-standing dispute between the National Farmers Union companies of Denver and Farmers Union Cooperative of Nebraska.

The Nebraska company is objecting to the relicensing of the Denver companies on the grounds they do not meet Nebraska insurance requirements. Mr. Stone gave both sides thirty days to file briefs.

First P.W. Class Graduates



Eighteen students were in the first graduating class of the training school at the home office of Providence Washington. President Stephen W. Carey, 3rd, presented certificates to those who successfully completed the nine-month course of multiple line insurance.

The men in the course completed more than 1,000 hours of instruction from 55 company employees and 13 guest lecturers.

Of the class, 13 graduates qualified as assistant special agents and within a year are expected to be named to field positions. The remaining five were assigned to home

office underwriting departments.

Shown at the graduation ceremonies are, seated, from the left: R. S. Rush, vice-president; Alfred Spang; Dwight Thomas; John McCarthy; Edward Fleer, director of education; Robert Bunnell; William Rich; James A. Murrell, Jr.; Stephen W. Carey, 3rd, president of Providence Washington.

Standing: William Gavitt; Niel Hansen; Richard Shepherd; Ray Bell; Clifford McFarland, Jr.; Randolph Lewis; Harris Metcalf; James Hersey; Paul Ochs; Charles Elzey; Paul Whitehead; Richard Soderberg.

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National Board
Annual Meeting

The possibility of atomic bomb damage is one factor which must be considered in the construction of new plants and the extension of old ones, W. Ross McCain, president of Aetna Fire, said in his address as president of the National Board. He offered the facilities and personnel of the board to help plan construction in the atomic age, pointing out that the familiarity of fire insurance engineers with special hazards and the means of mitigating their effect would prove useful.

In the last war, board engineers and agents were placed at the disposal of the government to safeguard our munitions plants, army bases, and naval shore establishments from destruction by fire or from stoppage by accident, Mr. McCain said in observing that the National Board is "a national defense asset upon which our country can depend."

One point that must be kept in mind is that "a wider dispersion of plant and population is healthier and safer and makes total destruction of our communities by atomic explosion more difficult to attain," he said.

Stresses Competition

In reviewing the work of the Board during the past year, he pointed out that competition in the fire and casualty business remained strong, with nearly 3,500 companies in operation.

We do not mind competition, he said. We thrive on fair and healthy competition, "confident that our services will attract to our companies a fair share of the insurance business. To attract business, we strive to increase and improve services and, paradoxical as it may seem, to lower rates as well; and the record of our fire insurance enterprise proves that we are accomplishing both objectives."

Fifty years ago the average fire insurance rate was about \$1.70, he observed. Today, it is not 50% of that.

He added that this reduction in cost represents a saving each year of many millions of dollars to policyholders for a greater amount of protection. During that same period the cost of nearly every other commodity and service has gone up.

The total annual premiums in the fire insurance business are around \$2½ billion, of which less than half is in fire insurance premiums.

New Statistical Plans

A complete statistical plan for fire loss experience, including expenses by states, is now being put into operation, the actuarial bureau committee reported.

The standard classification of 1947 which provides for 115 fire occupancy classes instead of the old 26, the committee said, has proved "sound and workable" during the three years it has been in use.

The new statistical plan presents a "program for the development of adequate statistics on premiums, losses and expenses." A new addition to the plan this year, the expense data, is expected to fill a need by providing a uniform method of reporting expenses according to states.

Results of the statistical plan in which experience is compiled on premiums earned and losses incurred as well as premiums written and losses paid will more sensitively reflect current conditions. However, the committee warned, they will not begin to show trends until after several years. In the meantime, an interim plan will be used until the new plan is in effect.

Last year, the committee added, was the first time loss data was collected on catastrophes where allied line coverages such as windstorm and explosion were involved. This data will supplement fire catastrophe figures.

The committee reported that the National Board has been appointed statistical agent by 39 states and the territories of Alaska and Hawaii.

Many cities are improving their fire defenses by expanding water supplies and installing new fire alarm equipment and water supply improvements are underway in Norfolk, Va., and Miami, and work will begin soon on a major addition to the existing system in Niagara Falls, the committee on fire prevention and engineering standards reported.

More efficient fire alarm systems have been planned or installed in Atlanta, Charleston, W. Va., Concord, N. H., Beverly, Mass., and St. Louis. Seventeen cities adopted the Board's suggested fire prevention ordinance during

the year, the committee reported, and a number of smaller communities adopted the abbreviated fire prevention code, issued early in 1949.

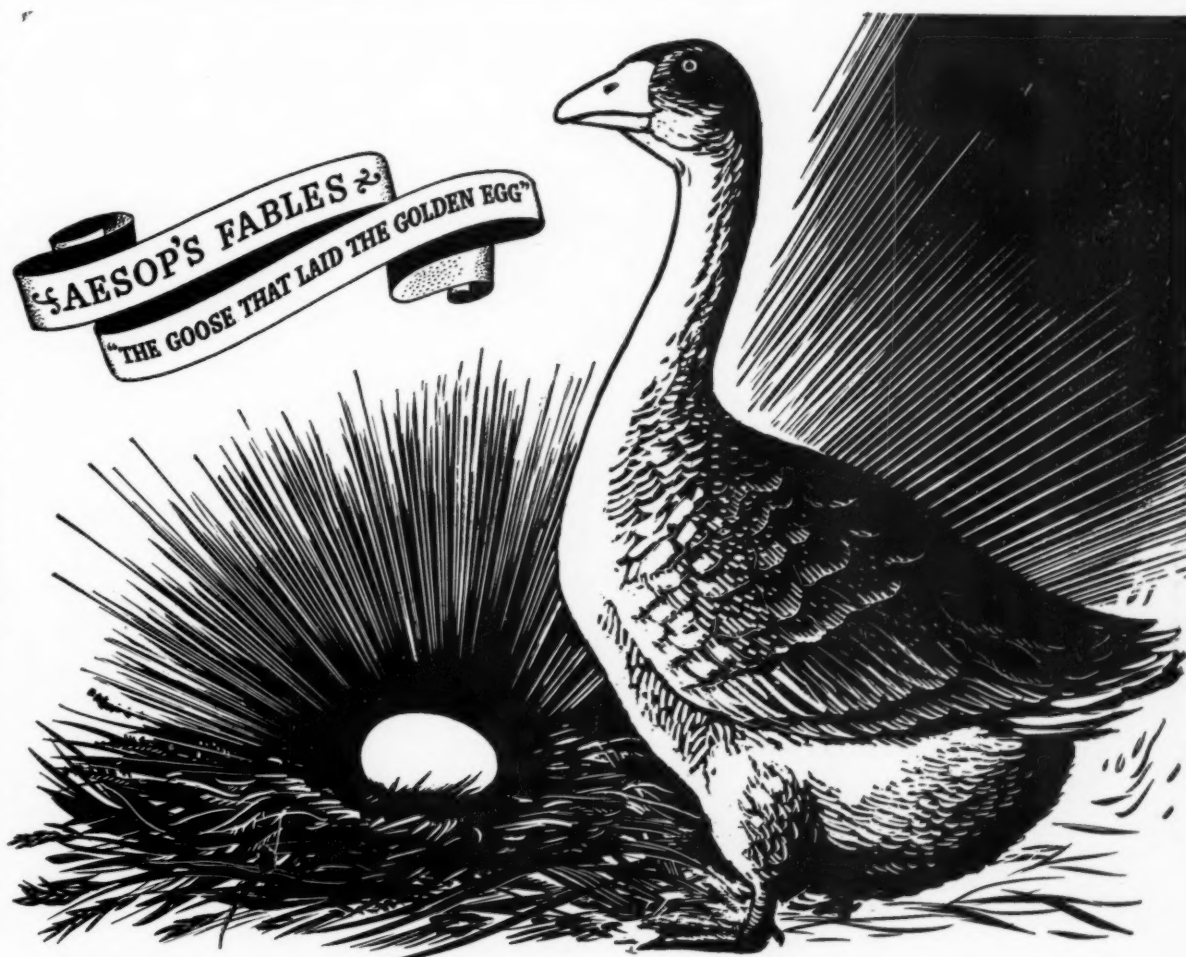
Increasing peacetime use of atomic energy is introducing new hazards in industry, it was reported by a committee of specialists representing fire and marine companies. The committee was formed at the request of the atomic energy commission, and plans a comprehensive study of the safeguards necessary in the storage, shipment, and handling of radioactive isotopes and fissionable materials. The group will give

special attention to fire risks involved.

The research division has completed a report on the causes of cotton fires, and has recommended means of curbing the heavy losses which have resulted from these fires in recent years.

Almost 800 attended the annual banquet, which turned out to be an unusually lively evening of fraternizing. With an impressive number of out of town executives on hand, it was genuinely a national meeting. There was a double dais of distinguished personages from both inside and outside the busi-

(CONTINUED ON PAGE 30)



NO DIFFERENT than the greedy farmer who killed the goose that was laying the golden eggs are the "economic planners" who are bent on taxing private productive capital out of existence. Unless this trend is checked, all capital will become concentrated in government . . . and free enterprise and individual liberty will be as dead as the farmer's goose.

In the words of Chief Justice John Marshall, "The power to tax involves the power to destroy."



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New I.M.I.B. Farm Jurisdiction Will Be Stabilizer

Adoption by Inland Marine Insurance Bureau of jurisdiction over mobile agricultural equipment will bring stabilization to what has become a confusing field, underwriters agree.

Besides giving the companies the opportunity to meet competition, especially that of farm bureau type insurers, the I.M.I.B. action will resolve most of the problems that have arisen because of entrance into the agricultural field by some companies having no farm departments through their inland marine departments. There has been a lack of uniformity in rates and forms, and in some territories the competition has been intense.

\$8 Billion of Value Involved

It is pointed out that government inventory shows that the value of farm owned machinery is more than \$8 billion as compared with \$3 billion worth of farmer-owned automobiles and trucks.

Underwriting authorities point out that a potential premium volume such as this is too great to permit the class to be sold under different rates and forms, causing misunderstanding and poor public relations.

The change does not mean necessarily that the farm departments lose this type of business, as it is the consensus among farm underwriters that the companies maintaining farm departments will handle this type of marine coverage with farm department personnel.

All-Risk Machinery Cover

I.M.I.B. will assume jurisdiction over its new forms covering machinery and livestock used primarily for farm work Aug. 1. The machinery policy is all-risk and covers all farm machinery except self-propelled combines, harvesters and threshers used for custom work, machinery or equipment used in logging or forestry, and portable saw mills. Companies will continue to make their own forms and rates on these three exclusions.

Four territories have been set up, the Pacific Coast taking a 75c rate; New England, 75c; middlewest and mountain, 85c, and southern, \$1.15. Policies may be written for two years at 1.75 times the annual and for three years at 2.5 times. In effect, this is a charge of 75% of the annual for each year over the first, or a pro-rata part thereof and thus is made flexible to match installment purchases of farm equipment.

New Dayton Claim Office

American group has opened a claim department at Dayton, O., in the Columbia building. Robert J. Thompson is in charge. The office will handle losses for Bankers Indemnity and all classes of automobile claims for American and Columbia Fire.

Mr. Thompson is a graduate of Michigan State College.

The Dayton claim department will be under the general supervision of W. A. Roderick, manager of the Cleveland claim department.

Chubb & Son Correction

In the article in last week's edition reporting the Chubb & Son deductible insurance plan there was a sentence that could be construed as indicating that the plan is applicable to buildings under the reporting form. This is not true. The deductible is applicable to buildings but not under reporting procedures.

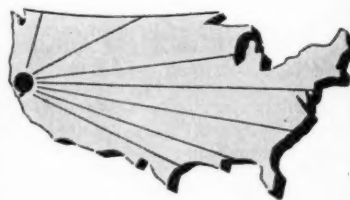
Output Policy Status

The joint committee on interpretation and complaint has been notified that Georgia has taken no action on Aetna Fire's auto output policy. The form has not been filed in Illinois and Massachusetts has disapproved it.

Think of...



PACIFIC



NATIONAL

This Company, with its head office on the shore of the *Pacific*, is truly *National* in scope.

With offices and agents coast to coast, it has policyholders in every state.

Think of *Pacific* as denoting western youth and vigor. Think of *National* as denoting maturity, strength, wide dissemination of risk. Write it in . . .

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EASTERN DEPARTMENT • PHILADELPHIA
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SOUTHERN DEPARTMENT • ATLANTA
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First thing to do in Detroit is check in at Hotel Tuller! You'll enjoy every minute. Newly modernized. Beautifully decorated. Within walking distance of all downtown stores, theatres and business activities . . . yet, you enjoy the ever-green atmosphere of Grand Circus Park . . . The Tuller Coffee Shop or Cafeteria for excellent food modestly priced.

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ONE OF DETROIT'S FINEST

800 ROOMS \$275
WITH BATH FROM

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HARRY E. PAULSEN, Mgr.

DETROIT'S
"FIRST"
IN
CONVENIENCE •
COMFORT •
QUALITY

Rhode Island Involved in Affairs of N. J. Mutuals

The New Jersey department has taken over Burlington (Mutual) Ins. Co. and Hackettstown Mutual Fire, both of Hackettstown, for liquidation.

Burlington was organized in 1821 and Hackettstown Mutual in 1867. The two companies were operated jointly and they had a branch and general agency at Newark. The operations were expanded to include large reinsurance transactions. These proved to be unprofitable and the companies suffered substantial losses. Chief Examiner T. A. McNicholas of the New Jersey department has been appointed a special assistant deputy commissioner to assist in the liquidation.

Burlington in 1948 reported premiums of \$167,754 and losses \$27,030, while Hackettstown Mutual showed premiums of \$10,656 and losses \$9,997. Charles M. Albright was listed as president of both companies.

Officials of Burlington Fire have sent letters to the agents stating that "if a proper amount of time had been given the company to rehabilitate, no action would have been necessary" on the part of the New Jersey department.

"The Rhode Island Ins. Co., which carries our reinsurance, is now taking legal action against the insurance department in New Jersey to have their license renewed.

"We have now instructed our attorneys to also commence legal action against the acting commissioner, Chris Gough, on the grounds that his action in taking possession of the company is unjustified and unwarranted as his action would only cause extra and unnecessary expense and hardship to our present policyholders and agents.

"It is our attorneys' opinion that all our outstanding policies are still in full force and effect and have the full benefit of our existing reinsurance contracts until direct cancellation notice is given to each individual policyholder by the commissioner as required by the policy conditions and that notice through a newspaper advertisement can not be construed as a legal notice of cancellation."

Utah Agents Alarmed by Court Decision

SALT LAKE CITY—Utah Assn. of Insurance Agents is taking official interest in the appeal of a jury verdict in third judicial district court here, which had the effect of converting a fire policy into a valued contract and of going to extremes in endowing a producer that was proceeding in a brokerage capacity, with agency status. Commissioner Terry attended the trial and was quoted as saying that the verdict was menacing to the agency system.

The insured was Alice D. Farrington, proprietor of a dance hall and skating rink building which has been for sale for more than two years for \$8,000. American, Boston, Granite State and Home each had \$2,500 on the building. Last winter the place had been damaged by storm and was virtually dismantled. It had been appraised recently at \$3,500. Neither the writing agent nor the insurers had this knowledge. Another agent who did have the knowledge but who did not represent any of the companies, brokered the business for the insured.

The jury found that the broker was actually the agent of the companies and, therefore, constructive knowledge was imputed to the insurers.

The jury found that the fire policy was in effect a valued contract and that the insured was entitled to \$10,000.

On-the-Spot Service

Stanley Hartley, local agent of Cen-

tralia, Mo., and Murry Davis, America Fore fieldman, had an opportunity to give on-the-spot service the other day when they drove up to the farm of John Schindler to adjust a windstorm loss.

As they stopped, Mrs. Schindler ran out calling for help to put out a fire which had just started in a smokehouse. Mr. Hartley and Mr. Davis formed a hose and bucket brigade and fought the fire for 45 minutes, saving the smokehouse and adjoining residence. Then they adjusted the windstorm and fire damage.

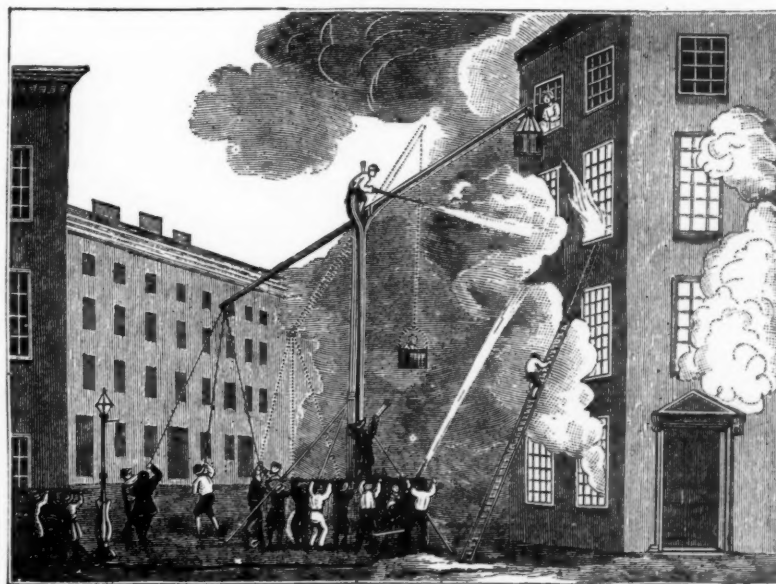
Culver Chairman, Conick New President of G.A.B.

Bernard M. Culver, chairman of America Fore, has been elected to the newly created office of honorary chairman of General Adjustment Bureau. He has been president and is succeeded in that office by Harold C. Conick, U. S. manager of Royal.

Mr. Culver had requested that he not be renominated for president of G.A.B., which office he has held since 1942. He has been a director of the bureau since its organization in 1931.

Mr. Conick has been a director since 1944 and vice-president of G.A.B. since 1946.

Fifty Montana agents were guests of General of Seattle at a two-day conference at Butte. The home office contingent was headed by W. L. Campbell, vice-president and treasurer, and George Fuller, production manager.



This apparatus resembles a carnival version of a couple of flying saucers. Actually, it was the modern way — in 1836, that is — to save lives and put out fires at the same time. The "teter-totter" was originally illustrated in the Mechanics Magazine, about 17 years before the 97-year-old Agricultural was founded.

PRINT FROM THE BETTMAN ARCHIVE



IRE fighting techniques have come a long way since

Captain Smith's invention. *But fire prevention measures have not kept*

pace. Witness the staggering fire loss of almost \$700 million in the

twelve months ending March 31, 1950. What is the answer? It is

partly up to you and us. As insurance men, all of us must redouble

our efforts to help prevent this waste . . . by working with local

fire department officials, by organizing community action.

Every Type of Property Insurance for Industry and the Home.

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Do Business

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LOCATED
NEAR YOU...

When you do business with the Southern Fire and Casualty Company you have almost immediate access to management... making Company & Agent an efficient service team for the insured public. Southern Fire & Casualty operates on the American Agency plan.

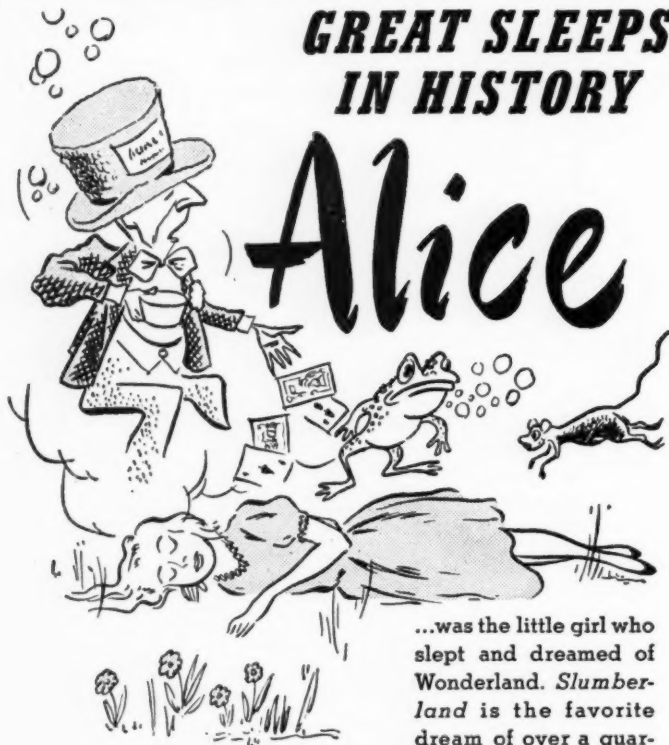
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KNOXVILLE, TENNESSEE

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Alice



...was the little girl who slept and dreamed of Wonderland. *Slumberland* is the favorite dream of over a quarter of a million guests who annually rest on those wonderful, cloud-comfortable beds at

CLEVELAND'S HOTEL HOLLENDEN

ROBERT P. JOYCE, GENERAL MANAGER

Royal-L. & L. & G. Records Cited by Chairman Tod

Record premiums in all lines of insurance and record underwriting profits were announced by Royal and L. & L. & G. Addressing the annual general meetings of stockholders at Liverpool, the chairman, Col. A. C. Tod, declared that the world wide operations of both companies in 1949 were extremely satisfactory.

Fire, accident and marine premiums for Royal increased more than £2 million to reach a total of £33,696,718. The same premiums for L. & L. & G. were £21,502,323 as compared with £20,028,085 for 1948.

The underwriting profits recorded were £2,973,017 for Royal and £1,520,423 for L. & L. & G. This marks the first time that underwriting profit of L. & L. & G. has exceeded £1 million.

U. S. and Canadian dollars were converted at the approximate rate of \$4.86 to the pound. Since the assets in these two countries greatly exceed the liabilities, this is a conservative basis. Actual remittances from these countries, however, were taken at the sterling values realized.

In both reports, reference was made to the great contribution to the results made by the companies' organizations in the United States and appreciation was recorded of the efforts of H. C. Conick, the U. S. manager, and his associates and staff.

In the Royal report, Col. Tod stated: "In a year which has been political and financial crises abroad, and devaluation and political uncertainty at home, these results are a remarkable tribute to the stability and vigour of our business."

In the L. & L. & G. report he declared:

"The fortunes of insurers are inescapably linked with the ability of nations to regain economic stability, to increase productivity, and to raise the standards of living of their peoples. It is axiomatic that, to achieve these conditions, there must be the greatest possible measure of freedom in international trading. We, therefore, regret the evergrowing network of handicaps to trade in the form of import and export controls, exchange restrictions, discriminatory taxation, and other manifestations of attempts to achieve national self-sufficiency."

Gaillard Local Agent

George S. Gaillard, Jr., formerly special agent in Georgia for Globe & Rutgers, has opened his own local agency in the Savannah Bank & Trust Building, Savannah. Prior to his field practice he served many years with General Adjustment Bureau.

K. F. Cooke to Resolute

Resolute of Hartford has appointed Kenneth F. Cooke as superintendent of

Engineer Honored

Reuel C. Stratton, supervising chemical engineer of Travelers, was made an honorary member of Home Office Life Underwriters Assn. at organization's recent meeting at New York. The honorary membership was accorded Mr. Stratton in recognition of 20 years of consulting contact with the occupation committee as well as recognition of his services as sole liaison representative between the life insurance industry and the atomic energy commission.



its underwriting department. He started with Aetna Casualty in 1938. He served with the army air force during the war. More recently he has been with Universal C.I.T. Corp. at New York.

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you'll do well with the
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ELIMINATE THE "GUESS"

Guesses and short cuts
in determining insur-
able values can prove
expensive. It is safer
and cheaper to know.

**The AMERICAN
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Over Fifty Years of Service
OFFICES IN PRINCIPAL CITIES

Downey Asks to be Named Cal. Liquidator of R.I.

Commissioner Charges Company Is Insolvent in His State

LOS ANGELES — Commissioner Downey of California has filed a petition in the superior court at San Francisco asking that he be appointed liquidator of Rhode Island Ins. Co. for California. He sets forth that he was appointed conservator of the business of the company on May 27, 1904, and as such has continued to act in the disbursement of the assets. The statement of the company, as of March 31, 1950, shows, according to the petition, the insolvency of the company with assets of \$345,000 in California, of which \$138,000 is return premiums and return commissions. The loss claims are \$357,000, return premiums claims are \$395,000 and unearned premium liability is \$450,000, making a total liability of \$1,200,000. The petitioner also believes other liabilities exist of which he has no knowledge, the bill states. He sets forth he has insufficient funds for the payment of return premium claims.

Claims Are Unpaid

The company has refused his demand to meet these claims from funds outside California. Approved claims of losses to policyholders, under the court order of Oct. 19, 1949 show that 50% remain unpaid, and these claims due to the tactics of the company will increase and, therefore, hardship to California policyholders will increase, the petition avers. Because of circumstances the commissioner believes rehabilitation of the company is impossible. The commissioner cites his examination report as of 1948 showing the insolvency of the company according to article 13, chapter 1, part 2, division 1 of the insurance code. He also cites the purported convention examination report which the Indiana examiner refused to sign.

The 1949 annual report, he avers, apparently reveals financial manipulations. He is informed that reinsurance scheduled in that report is such for which credit as an asset could not be allowed. These transactions since Dec. 31, 1948, appear to render the company more insolvent. Therefore he believes a recent examination is essential and May 3 last demanded in writing and personally by his examiners to make such an examination. The president and one vice-president refused access to the records and refused to permit an examination.

True Condition Obscured

Therefore, he is unable to determine the true condition of the company. If the present management continues in control and continues its policy it will place the company in a more hazardous condition. Seven states, according to the petition, in the past three months—Oregon, Washington, New Jersey, Indiana, Illinois, Virginia and District of Columbia—have notified the company it will not be permitted to continue business or will be given an opportunity for a hearing.

The petitioner then sets forth: If the conservation continues, funds in the hands of the conservator will be exhausted without discharging of claims; insolvency as of Dec. 31, 1948 exists under the section of the code above cited; insolvency exists by reason of the convention examination of Dec. 31, 1948. Analysis of the 1949 statement indicates a greater insolvency; the company has refused to pay its obligations; the conservator is unable to pay loss and return premiums claims; the company refuses its records for examination by the conservator's examiner; continuing and increasing prejudice to California

policyholders results; there is danger of exhaustion of funds through cost of conservation proceedings. Failure of the company in the past year and one-half to rehabilitate itself and steps to correct hazardous conditions under section 1016 of the insurance code have led him to ask the court to appoint him liquidator of the company in California, to direct the liquidator to wind up the business of the company in California, to vest title as liquidator in all assets of the company in the hands of the conservator, to authorize the liquidator to honor all expenses as conservator, to

direct that all rights and liabilities of creditors, policyholders, shareholders and all other persons interested, including the state of California be fixed as the date of entry of the order of liquidation or as the court may fix.

Gulf's 25th Anniversary Observed at Indianapolis

A two-day session was held in Indianapolis by the central department of Gulf, celebrating the company's 25th anniversary. It was attended by field

men from the five states comprising central department, of which Harold F. Sweeney, a vice-president of the company, is manager.

In attendance from the home office were President T. R. Mansfield, J. B. Daniels, vice-president, and H. B. Hooks, Jr., secretary. Mr. and Mrs. Mansfield were presented twin sterling silver fruit bowls by the employees of the department. Mr. Sweeney presided.

John W. Lamble, executive vice-president of North Star, has just returned from a week's trip to London.



The Load covers the Street —but what covers the Load?

Even with every precaution, accidents do happen. Damage to goods in transit runs into millions of dollars every year.

Are you overlooking the protection Transportation Insurance gives your clients against such damage or loss?

This type of insurance is of great value to manufacturers, wholesalers, retailers and others who ship or receive goods because it covers such goods against perils continuously from the time they leave factory, store or warehouse until delivered at destination. Policies are highly flexible—can be made to cover practically any risk while goods are in custody of common carrier within continental United States or Canada.

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Agent's Action in Getting Estimate Doesn't Bind Insurer on Repair Bill

Georgia court of appeals has given a decision for State Farm Mutual Automobile in a controversy with a repair shop that contended that the actions of an agent for State Farm constituted authorization for the shop to proceed with repairs of a damaged car. The case was State Farm Mutual vs. Cates, et al.

Kenneth Cates operated the repair shop. Bobby Wilbur was the insured and Herbert W. Clegg was the agent.

Cates testified as to conversations with Clegg regarding the making of an estimate on the repairs and said Clegg told him to give the assured an estimate as soon as possible. He testified that Clegg asked him for a copy of the estimate so it could be sent to State Farm. Wilbur brought the car in and at his direction the repairs were made. Cates testified that about a month later he asked Clegg for payment and the latter replied that his company did not have to pay because the other party was to blame for the wreck.

He testified that he had done a previous job for State Farm, after Clegg got an estimate from him, and had received pay for it.

Clegg testified that his duties in connection with losses consist of getting information and transmitting it to the company, that he does not act as an adjuster. He said he did not tell Cates that State Farm would pay for the repair bill and he did not authorize repair of the automobile there. He said he got Cates' estimate and sent it in and also got another estimate. He said that he made it plain that he was only collecting information.

The court said that Clegg had authority to collect information and report it to the insurer, but did not have authority to settle claims for repairing cars, that Clegg made it plain to Cates that he could only collect information and had no authority to pay or obligate the company to pay. The fact that Clegg had received and sent in to his company an estimate by Cates of the cost of repairing some other automobile, which had been paid by State Farm, would not be a circumstance that would tend to bind the company in the present case.

H. E. Adams Named General Adjuster for F.I.A.

H. E. Adams, assistant manager and general adjuster of the eastern regional office of Factory Insurance Association, has been promoted to general adjuster and will have over-all policy supervision of F.I.A. nationwide loss activities. He will discontinue his present supervision of the eastern inspection and engineering departments.

Mr. Adams joined F.I.A. following his graduation from Worcester Polytechnic Institute in 1913. For a number of years, he was an inspector and in 1917 was transferred to the inspection department at Hartford. In 1924 he advanced to superintendent of the inspection department. He was named general adjuster for the eastern office in 1932 and two years later became assistant manager.

Pa. Begins Law Recoding

HARRISBURG, PA. — Committees from each branch of the business, to make insurance law recodification proposals, are to be formed before July 1 under the proposal of Commissioner Leslie that every segment of the business be represented.

Mr. Leslie designated Insurance Federation of Pennsylvania to see that the study committees are set up. There will be committees on life, fire, and casualty, with sub-committees on multiple-line, A. & H., title, fraternal and beneficial, agents and brokers, reciprocals and Lloyds.

The commissioner said multiple-line

revision may be needed. Pennsylvania just last year adopted a multiple-line law. Pennsylvania's relatively new rate regulatory laws will not be included in the study.

John McGinnis has resigned as special agent in northern California for Northwestern Mutual Fire to enter the local agency business. He is succeeded by W. D. Brannan.

UNDERWRITERS

These Positions Now Available

Bond—Iowa	\$500
Fire—California	500
Marine—Iowa	500
Farm—Chicago	400
Marine—Indiana	400
Marine—California	400
Casualty—Ohio	400
Comp.—Chicago	400
Casualty—Texas	400
Fire—Chicago	300
Casualty—Chicago	300
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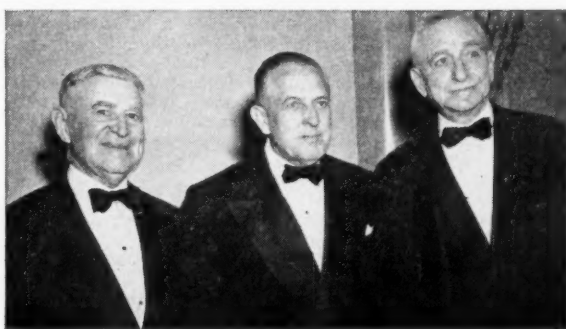
Denver 2, Colorado
Colorado—Wyoming—New Mexico—Utah

KENTUCKY

Bradshaw & Weil General
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Starks Building
Louisville 2, Kentucky

Luminaries at National Board Rally



W. Ross McCain, retiring president of the National Board (left), with Paul G. Hoffman, ECA administrator, and W. E. Mallalieu, general manager of the National Board.

"Communicating Addition" Need Not Be Enclosed

The phrase "communicating addition" in a policy covering a building and its "attached and communicating additions," does not require that the means or way of communication between the main building and the addition be enclosed. The decision going against the insurer was given by the Michigan supreme court in Frohlich et al. vs. National Union Fire.

The insured property consisted of a brick building containing three stores and a ground floor and three flats for dwelling purposes on the second. Attached was a three-stall frame garage used principally for automobiles, rented in the past to tenants in the upstairs flats. It had never been rented to outsiders. A door at the side of the brick building opened into a yard across which a pathway led for about 10 feet to a door into the garage. The garage was destroyed by fire and the insurer denied liability.

The court said that the frame garage served the purposes of the tenancy of the brick building and was used in connection therewith so that it was clearly not only attached to form a physical addition but was equally an addition to the uses of the brick building. Communication was by means of a 10-foot pathway extending across the property between doors located in the two attached buildings, respectively. The garage, the court said, should be held to be an attached and communicating addition within the intent and meaning of the policy.

Wear and Tear Issue Is Lost by Insurer

New Hampshire supreme court has given a decision against Pawtucket Mutual Fire for the breaking of a frame of a 2½ ton dump truck that happened just after the vehicle had passed over several depressions in the driveway leading from a gravel pit. The case was Terrien vs. Pawtucket Mutual.

Although there was a record of previous breaks of the frame and the break in question occurred at the site of the prior breaks under the cab, it does not follow that the damage in question was not accidental, according to the court.

The collapse of the truck could be found to be untoward, unusual and unexpected event. What happened was well within the meaning attributed to the word "accidental" as commonly understood. The issue of whether the "mechanical" breakdown exclusion applied was properly submitted, the court said, and the jury verdict establishes that the bumps in the road were the proximate cause of the hazard which directly produced the loss.

The court said that had the loss re-

sulted solely from the encounter with the bumps, no question would be presented concerning liability under the comprehensive or the collision coverages. It is apparent that the weakness of the frame, whether because of the prior breaks or inadequate repairs, was one of the causes of the loss. The principle involved, therefore, may be likened to that applied in cases where the act of a negligent defendant aggravates a pre-existing disability of the

plaintiff. For the ensuing damage the defendant may be held liable although the consequences of his negligence are enlarged by the weakened condition of the plaintiff. His liability extends not only to expectable results, but also to those which are proximately caused thereby, although not normally expectable.

On the question of the exclusion of "wear and tear and mechanical breakdown" in the comprehensive coverage, the court said it is difficult to envision damage of wear and tear or mechanical breakdown which could result from other "loss" covered by the policy. Since the policy purports to afford "comprehensive" coverage as well as "collision," to a reasonable man the language used in the exclusion would mean that the exclusion did not apply when the damage resulted from other "risks" covered by the policy, as for example, collision or theft.

Much of the damage here was not "confined to" wear and tear though in part "due to" it. The exclusion does not apply.

Job Opportunities Up

Although the job outlook for commerce school graduates at this time is not as bright as it has been in recent

years, the demand for insurance students is strong, according to Prof. Henry R. Trumbower, head of University of Wisconsin commerce school placement service. The percentage of insurance students finding jobs is greater than in any other field, he declared. The increase in offers has come because of the development of the new insurance curriculum at Wisconsin and insurance companies from all over the country are looking for men at that source.

Kleititz on U. S. Board

William L. Kleititz, president of Guaranty Trust of New York, has been elected to the local boards of directors of Royal Insurance, L. & L. & G., British & Foreign Marine, and Thames & Mersey Marine. He succeeds Thatcher M. Brown, of Brown Brothers Harriman & Co., who has relinquished his connection after 40 years' service with the boards.

June 27 Day for Leslie

There will be a big, business-wide luncheon for Commissioner Leslie of Pennsylvania at the Ben Franklin hotel in Philadelphia June 27. Lawrence Wentz, agent, is chairman of the committee in charge.

Let's take it one step further...



Now that you know the answer to the question this illustration posed... let's consider how you can successfully go about selling the new policy —Comprehensive Personal Liability Including Automobile.

This particular combined policy is brand new. So new that it's natural for you to wonder if you should talk up the automobile angle of this policy OR the comprehensive personal liability. If you base your sales approach on the wrong one, you're wasting your breath!

Why take chances with the wrong approach when we can give you a guide to selling this new policy? "A New Sales Slant for a New Policy," a reprint of an article which discloses this information, is yours for the asking. Write the Advertising Department for your copy.

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Wanted for Colorado, Utah, Idaho by established general agency. Address A-28, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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NEWS OF FIELD MEN

American Has Three Field Revisions in Illinois and Iowa

American has named Bryce W. Woerner as special agent for west central Illinois, assisting Special Agent James H. Rupp, Jr. Headquarters will be in the Standard Office building, Decatur.

After Mr. Woerner's service in the army air force, he graduated from the University of Minnesota. He joined

American at Rockford and worked in the fire underwriting and marine departments. For nearly a year he has traveled in east central Illinois.

Francis P. Kneeland has been named special agent for northern Illinois, assisting Special Agent James A. Brower, with headquarters at 304 North Main street, Rockford.

After two years in the navy, and graduation from Notre Dame University, Mr. Kneeland joined American.

He has worked in the fire underwriting and automobile departments.

American has established a field office at 325 Insurance Exchange building, Des Moines, under the supervision of Special Agent W. Darby Miller.

Mr. Miller has been associated with State Agent W. Harold Froehner since July, and has had over 15 years' experience, including inland marine training in particular. He has been with American for four years, and worked in both Illinois and eastern Iowa.

Mr. Froehner will handle the eastern Iowa territory and Lester J. Brown, who previously supervised Nebraska and western Iowa, will concentrate his efforts in Nebraska only.

Wilhoit to Minn. for America Fore—Leaves Nebraska as P.M.L.G.

America Fore has promoted D. R. Wilhoit from special agent in Nebraska to state agent in Minnesota where he will succeed H. J. Clough, who has resigned to join Providence Washington. Mr. Wilhoit will have charge of farm and hail business in Minnesota and of loss adjustments in North and South Dakota. His headquarters are at Minneapolis.

Mr. Wilhoit at the time of his transfer was supervisor of Nebraska Blue Goose, and at a meeting of the pond he was elevated to most loyal gander in a special ceremony and held that position for three hours, thus becoming an official P.M. L. G. He was succeeded as M.L.G. by Kenneth L. Hunt of Nebraska Inspection Bureau.

Turner to Home Office of New Hampshire

New Hampshire has advanced Edward P. Turner, state agent in Tennessee, to the home office in a supervisory capacity in the underwriting department. His territorial jurisdiction will be that of Western Underwriters Assn.

Mr. Turner joined New Hampshire in 1937 and since that time has been state agent in Tennessee with headquarters at Nashville.

Taxter Ohio Special Agent

David A. Taxter has been appointed by North British group as special agent, with headquarters at Columbus, O.

Coleman Named in Texas

Jack Coleman, recent graduate of the Aetna Casualty school, has been appointed special agent in Texas for Automobile and Standard Fire.

McCurdy to P.W. in Cal.

Providence Washington has appointed William L. McCurdy special agent at San Diego. He formerly was with New Hampshire Fire at San Francisco.

Plan Conn. Field Outing

Connecticut Field Club will hold its annual outing at Norwich Inn, Norwich, June 13-15. Henry G. Griswold, president, will discuss the club's educational and public-relations activities, with emphasis on the town-inspection program.

Murray Heads Okla. F.U.A.

Oklahoma Assn. of Fire Underwriters at its annual meeting elected Charles G. Murray of Trezevant & Cochran, president; Forrest Cress, St. Paul, vice-president, and reelected John Benson,

retired, formerly with New York Underwriters, secretary. New members of the executive committee are Dudley Hunt, Springfield; D. E. Parry, Boston, and Henry Pfenninger, Oklahoma Inspection Bureau.

At a meeting of the public relations committee with T. Ray Phillips, America Fore, presiding, Walter Hanson, insurance attorney of Oklahoma City, talked on school policies.

Wis. Field Meeting Card

The program has been completed for the Wisconsin field meetings at Maxwellton Braes, Bailey's Harbor, June 20-22. As usual, a Blue Goose dinner and initiation is the opening event and this is scheduled for June 20. The next morning there will be separate meetings of Wisconsin Fire Underwriters Assn. and Wisconsin Insurance Club followed

WANT ADS

Rates—\$12 per inch per insertion—1 inch minimum. Limit—40 words per inch. Deadline Tuesday noon in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER

FIRE FIELDMAN WISCONSIN

The Phoenix-London Group have an opening for a Fieldman for their Fire Companies in the State of Wisconsin. If interested, write giving full qualifications to Mr. Harold A. McKenna, Room 300, 209 South LaSalle Street, Chicago, Illinois.

General manager for new fire insurance company. Field and underwriting experience along fire and auto physical damage lines. Company to operate in Ohio. Groundwork laid for agency representation, capital and reinsurance. Incorporation to be completed when manager appointed. Request applicant to provide complete background—salary \$6,000 plus bonus—replies confidential. Address A-20, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

SPECIAL AGENT FOR INDIANA

An Indiana Company wants an experienced multiple line young man 28 to 35 years of age to travel a part of Indiana that is already well developed. Excellent opportunity for qualified man. Replies confidential—our field men know of this opening. Address P. O. Box 234, Indianapolis, Indiana.

Large Texas general agency has opening for young man with several years' experience in placing insurance with Underwriters at Lloyd's. Salary and profit sharing. Give full details concerning experience. Replies will be treated confidentially. Address A-24, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

MARINE UNDERWRITER

The Chicago office of a large multiple line group desires to employ a marine underwriter with one or more years experience. Exceptional opportunity for advancement in western department territory. Replies confidential—our employees know of this advertisement. Address A-25, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

MALE OR FEMALE

Casualty Underwriter for a responsible Detroit Agency writing multiple lines. One who can meet the public and have sales ability. Replies strictly confidential. Address A-26, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

ADJUSTER

Good opportunity for adjuster experienced in FIRE and ALLIED lines with well established independent organization in large midwestern city. Married man between ages of 30-40 preferred. State qualifications and background. Address A-27, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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later in the morning by a joint gathering and then a luncheon. Sports are scheduled for the afternoon and then the banquet at which prizes will be awarded.

The two field clubs will hold their final sessions the morning of June 22.

Arthur E. Campbell, attorney and adjuster, spoke on his four-month trip to South America, at a dinner meeting of Seattle Blue Goose.

MARINE

North British Sets Up Central Marine Office at Chicago

North British group has opened a central-western marine service office at 309 West Jackson boulevard, Chicago, with John H. Roberts as manager.



J. H. Roberts

Mr. Roberts has had many years of experience in inland marine and recently has been in charge of the inland marine office at Columbus, O., for North British. His office will handle inland marine services and facilities in the central

department and western department territories.

Service offices at Columbus and Kansas City have been discontinued and operations absorbed in the new Chicago setup.

Insurer Wins on Member of Household Issue

In deciding whether a separation of husband and wife is such as to cause the departing spouse no longer to be a member of the insured's household within the meaning of an inland marine policy, the controlling feature is the intent possessed by the departing member of a family, according to the U. S. seventh court of appeals in holding for the insurer in Neidhoefer vs. Automobile.

The court said that it is possible that the wife might leave the home for a considerable time and still retain her status as a member of the family and the household, for instance, if she was away on a visit or for some other purpose. Such a separation would be not only with the consent of the husband, but with the intent on the part of the wife to return.

However, in the instant case the court decided that there was an intention on the part of the wife to become permanently separated and that she did not come within the coverage of the policy.

Neither Testified at Trial

Annette Neidhoefer was the estranged wife. It is alleged that she lost some furs and jewelry and claim was made under the policy of her husband, Charles Neidhoefer. The jury gave a verdict for the claimant and this was set aside by the lower court. Neither the husband nor the estranged wife, who was the owner of the property alleged to have been stolen, testified at the trial. On this point the court said that the failure to produce evidence which under the circumstances would be expected, gives rise to a presumption against the party failing to produce it.

On Sept. 12, 1946, the Neidhoefers lived at 534 Stratford place, Chicago. On that date she separated from her husband and took up her abode elsewhere, living at hotels in Florida and at Chi-

cago. On Oct. 3, 1946, she commenced action for separate maintenance and on May 8, 1947, was granted a divorce. The alleged losses occurred on Dec. 9, 1946, which was more than a month after she filed separate maintenance suit.

In spite of all this the claimant relies upon certain circumstances to show that there was not a separation within the contemplation of the policy. For instance, it was pointed out that some of her personal effects were left in the Stratford place apartment and that she was seen at this apartment on a few occasions subsequent to Sept. 12, 1946. The court said this is no proof that she was not separated and living separate and apart from her husband. Neither is the fact that she was seen at the apartment on a few occasions, always in the daytime, any proof that she was not living separate and apart. Especially is this so in the absence of any explanation as to why she was there. There is not a scintilla of proof that during this time she had a meal or stayed over night in the home of her husband.

The court held there was a complete failure on the part of the plaintiff to prove that Annette Neidhoefer was a member of the assured's family of the same household at the time of the alleged loss.

Opens Marine Department

Midwestern of Oklahoma City has opened an inland marine department with Hardie Miller, vice-president, in charge.

L. K. Giffin, who has been with Southern Marine & Aviation Underwriters of New Orleans, has joined Midwestern as manager of the southern inland marine department servicing the Gulf coast area of Texas.

Byrne Is Reelected

John T. Byrne of Talbot, Bird & Co. was reelected president of Assn. of Marine Underwriters of the U. S. at the annual meeting. First vice-president is John A. Bogardus of Atlantic Mutual; second vice-president, O. C. Torrey of Marine Office of America; secretary, Frederick B. McBride of Home; executive secretary is E. G. Driver.

H. C. Thorn Is Chairman

H. C. Thorn of North America has been elected chairman of American Cargo War Risk Reinsurance Exchange. O. C. Torrey, Marine Office of America, is vice-chairman and Hawley T. Chester of Chubb & Son is deputy vice-

chairman. E. H. King is secretary and R. F. Weyant, treasurer.

W. D. Winter of Atlantic Mutual had been chairman since the exchange was set up in 1939.

Glespen Is Promoted

Burton Glespen, underwriter of Macomber & Co., the New York underwriters specializing in fine arts and valuable properties insurance, has been elected assistant secretary and chief underwriter of the firm.

Board of Marine Underwriters of Seattle will hold its annual golf tournament at Rainier Golf Club, Aug. 4.

W. L. Perrin & Son, Brooklyn, has been appointed by Pennsylvania Fire as Brooklyn metropolitan agents for fire, automobile and inland marine.

American Reserve has declared a dividend of 50 cents payable June 15 to stock of record June 5. The affiliated American Reinsurance has declared a dividend of 30 cents payable on the same date.

A new local agency has been established at Bremerton, Wash., by Karl F. Matz.



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EDITORIAL COMMENT

The Chicago Tragedy and Deductibles

Last week we editorialized on the dangers that we felt were inherent in any rapid expansion in the use of the deductible and self-insurance. Immediately there occurred an object lesson, indicating one type of danger that we touched on. This was the tragic street-car-gasoline truck collision at Chicago that cost the lives of 33 persons. Whether the liability is that of Chicago Transit Authority is yet to be determined but if it is theirs, the claims could aggregate nearly \$1 million and there is no insurance of any kind outside of CTA's \$5 million self-insurance fund.

It turns out that CTA has an excess liability contract of \$1 million over \$50,000 covering its elevated lines, but decided against carrying such a cover on its surface lines because it felt the rate that was wanted was too high.

The distinction that was drawn is entirely understandable and is one that probably most reasonable men would make. The danger of a multiple injury accident of severe proportions seems much more likely on the high speed, heavily loaded elevated cars than it does on the streetcars. Yet the reasonable deductions, upon which the decision is based are distorted by a kind of accident that would doubtless be laughed out of court if it were recited as a hypothetical case by an insurance agent trying to make a sale.

A series of circumstances had to be

just so in order to cause an accident that would bring death to an undreamed of number of passengers of a streetcar. There had to be a heavy rain and flash flood obstructing an underpass. Just short of that underpass there had to be a streetcar turn-around. The flagman had to be stationed just at the point of the switch rather than two or three hundred feet short of it, which would seem to be a simple safety precaution that alone would have averted this catastrophe. There had to be a truck approaching in the opposite lane at just that instant and it had to be a gasoline truck.

The loss was bad enough, but it could have been a great deal worse. It could have happened where there was high valued property to become enveloped in flames and there might have been multiple deaths and injuries to occupants of such buildings.

The lesson here we think is that self-insurance and the deductible is a tricky business, even for the largest and most experienced type of risk. It introduces a large element of guesswork on the part of the insured and the broker. The inclination is to insure against things that can happen and to take a chance on things that can't happen such as the Chicago wreck. The deductible seems destined for increased use in this country and the problems and difficulties that it introduces need to be fully appreciated.

An Encouraging Lesson from the A. & P.

One of the discouraging aspects of trying to keep the government camel out of the private enterprise tent is that so many people, including a large proportion of those who would be willing and able to lead a fight against such encroachment, feel that they are beaten from the start. Not only is the government felt to be an invincible colossus but a large percentage of the public is assumed to be favorable to governmental expansion and actually or potentially hostile to business.

Consequently, it is encouraging to know of the response that the Great Atlantic & Pacific Tea Co. has elicited in its fight against what it contends are unfair accusations of the anti-trust division of the Justice Department. It is reported that many housewives and other interested consumers have written in to the Justice Department denouncing its efforts to break up the A. & P. chain and that the anti-trust division now

realizes it has a bear by the tail, which it would like to release if it could do so safely and gracefully.

The big display ads that A. & P. has been using to trumpet its messages have been well conceived and hard-hitting. They prick the consumer in a highly sensitive spot—his pocketbook. They are hitting the Justice Department with everything that A. & P. has in its ammunition locker.

Why is it that the A. & P. is apparently accomplishing so much more than all the other efforts—with the possible exception of the American Medical Assn.—are doing to keep the federal government from taking over fields long considered the domain of private enterprise? One answer is that A. & P. is fighting for its very life and knows it. It has no reason to pull its punches for fear the government will become more hostile than it is. When somebody is trying his best to take you apart you

don't have to worry about making him madder than he already is.

Then, A. & P. is unified. As a single corporation it can make its defense and counter-attack more intelligently and efficiently than if it were merely one of a group of companies in the same fix.

There's an encouraging lesson for the insurance business in what the A. & P. is doing, for it indicates that even a

single corporation can make an effective fight against unfair government attacks when the need to fight back is sufficiently vital. If the time should ever come when the welfare state boosters put on a real all-out effort to make insurance a federal adjunct, the arsenal of private insurance may surprise the public with the power of its weapons and the accuracy of their aim.

Exhilarating Contrast

The June issue of the magazine "Today's Woman" carries a constructive article from the standpoint of the fire insurance business entitled "If Your House Burned Down Tomorrow, How Much Fire Insurance Could You Collect?" The authors are Norman and Amelia Lobenz.

They start off by reporting the actual experience of having their home burned down. They said they were immediately visited by public adjusters who tried to get them to sign a contract on the spot. They said that they declined to do so on the advice of the authorities and further on in the article they say that whereas public adjusters might have a place in connection with large industrial fires, they are rarely needed in connection with home claims.

The article goes on to recommend that the home owner select a first class

agent and broker and that he deal exclusively with him so that he can take care of all his needs. The authors speak in complimentary terms of company and independent adjusters. They warn against under-insurance. They discuss the question of depreciation, advocate the keeping of inventories, getting proof of loss to the insurer as quickly as possible, identifying as many objects as possible after the fire. The article goes on at some length. It shows result of careful preparation, rather than being just a sketchy treatment of the subject. The advice they give is sound. This article is in sharp contrast to the reckless and unfounded assault upon fire insurance claim practices that was contained in the article by W. Jefferson Davis of Los Angeles and that appeared in the April edition of the American Bar Assn. Journal.

PERSONAL SIDE OF THE BUSINESS

James S. Hurry, manager of the southwest service office of Glens Falls

at Los Angeles, who has just been appointed a secretary of the company, was born at San Francisco in 1899 and has been with Glens Falls 30 years. He started with Crum & Forster and then became an examiner with Balfour, Guthrie & Co. In 1920 he became assistant general agent of a newly formed general agency known as Bentley & Waterman. In 1922 Glens Falls took over this general agency and established its own coast department. Mr. Hurry remained with Glens Falls as northern California special agent. In 1929 he went to southern California and soon became manager of the southern California and Arizona business.

Maj. Richard C. Allgood, executive secretary of Nebraska Assn. of Insurance Agents, graduated from the field economic mobilization school conducted by the Industrial College of the Armed Forces at Omaha.

Larry M. Dike, a broker with the Mann, Kerdoff, Kline & Welsh agency

at Kansas City, has been elected president of the Kansas City Athletic Club.

A. C. Hudson, retired assistant chief engineer of the National Board, next week is attending the 50th anniversary of his graduation from Texas A. & M. Attending with him is a brother who graduated four years previously, another brother who graduated six years after, and a sister who took by special dispensation a civil engineering course, probably the first female graduate in the U. S. in this field. Mr. Hudson then will go to Cornell to attend the 45th anniversary of his graduation from the college of civil engineering.

Maurice G. Herndon, Washington representative of National Assn. of Insurance Agents, addressed a dinner meeting of Springfield (Ill.) Manufacturers & Employers Assn.

A. M. Lea, newly appointed secretary of Glens Falls, started in a local agency at Princeton, Ill. Shortly thereafter in 1909 he went with Glens Falls in its Chicago western department as map clerk. In 1913 he was transferred to the home office and after serving in the first war, he returned to Glens Falls and progressed to special risk underwriter, then chief examiner. He became an assistant secretary in 1948. Last October he was placed in charge of fire underwriting for the U. S., except for the Pacific Coast, and Canada.



James S. Hurry

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DEATHS

ARTHUR B. DAVIS, retired Minnesota state agent for Queen, died at Minneapolis. Mr. Davis started in the business at the home office of St. Paul F. & M. as a clerk in 1901. He went with the Minnesota Inspection Bureau in 1905 and started in the field in 1909 with L. & L. & G. He traveled the Minnesota, North Dakota and Nebraska fields for Aetna (1915-1921) and later was for six years with North British before joining Queen in 1927.

Mr. Davis was most loyal gander of North Dakota Blue Goose in 1912 and secretary of the North Dakota Fire Prevention Assn. in 1911. He was active with the field groups also in Minnesota.

LOUIS C. HABIG, 72, underwriter with Rhode Island, died at his home at Teaneck, N. J. Mr. Habig had been in the business for more than 50 years, having started with the J. S. Freylinghuysen group. He spent most of his career with Globe & Rutgers and Stuyvesant, and later was with Pearl before joining Rhode Island.

EUGENE B. STEWART, 56, local agent of Randolph, Neb., died after a lingering illness. He entered the banking business at Randolph in 1920, and later undertook real estate and insurance work.

RALPH W. PRESTON, president of the Preston-Patterson Company agency, at Philadelphia, died on the golf course at Whitmarsh Country Club, at the age of 46. He was a graduate of University of Pennsylvania.

JAMES J. LINDLEY, 64, local agent and former mayor of Nevada, Mo., died following a heart attack.

BENJAMIN F. PARSONS, 74, local agent at Berlin, Wis., died at a hospital there.

HERBERT D. PENNYPACKER, local agent at West Philadelphia for 35 years, died at his home there.

PAUL C. BURMEISTER, 56, Wahoo, Neb., local agent, died there.

HENRY M. GEISENHODD, 86, local agent at Groton, N. Y., died at his home there.

Cheek Wins in N. C.

RALEIGH, N. C. — Commissioner Cheek assured himself of another two years in office with an easy victory in North Carolina's Democratic primary.

He defeated Hoke Bostian, Greensboro insurance man, by an approximate 3-1 margin, unofficial returns showed, to win the Democratic nomination for his office. The Democratic nomination is tantamount to election.

Mr. Cheek was appointed last June, to succeed William P. Hodges.

Insurer Loses Decision

ST. PAUL — A provision in a contract for sale of insured property that if loss or damage occurred while the contract was in force the proceeds of the insurance should be applied on the purchase price did not constitute an assignment of the policy within the meaning of a provision that the policy should become void if assigned by the

insured without the insurer's consent, the Minnesota supreme court has ruled in *Arthur Windey against North Star Farmers Mutual*.

Obtaining by the vendee of other insurance on the property covered by the policy did not void the policy under a provision that it should become void if the insured should procure such additional insurance without the insurer's consent, the court said. Performance of the contract after loss did not constitute a change of title or interest which related back so as to void the policy prior to the occurrence of the loss.

Outing at Annapolis

WASHINGTON — There was a joint outing at Annapolis Roads Club, Annapolis, Md., of the National Capital and Chesapeake ponds of Blue Goose, combined with the Maryland Field Club. About 80 attended. Besides golf there was a soft ball game between the two ponds, for the K. V. Robbins trophy, won by National Capital, 19 to 10, through scoring 14 runs in the ninth inning.

Newly elected officers of both ponds were installed by Robert L. Wiseman, Wiseman & Co., adjusters, Washington.

John J. O'Brien, account executive with Rollins-Burdick-Hunter agency of Chicago, has been elected executive vice-president of the Chicago Junior Chamber of Commerce.

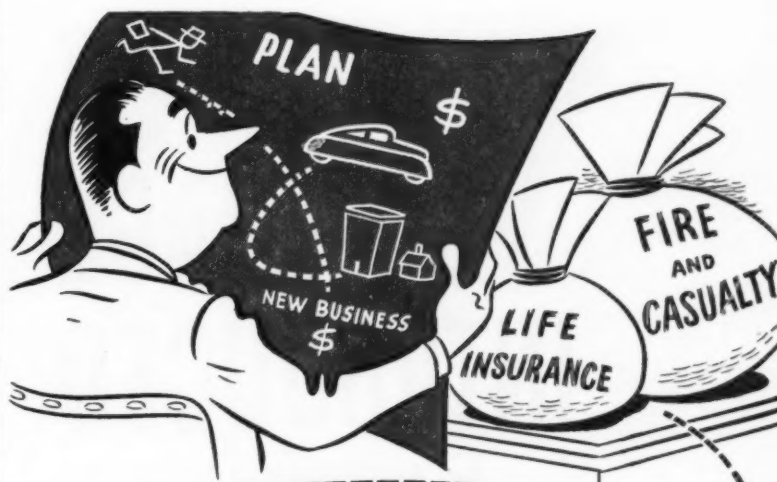
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May 29, 1950

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Aetna Casualty	3.00	99	101
Aetna Fire	2.20*	59 1/2	61 1/2
Aetna Life	2.50	59	61
American Alliance ..	1.20	25 1/4	26 1/4
American Auto	2.00	50	53
American Casualty ..	.80	18 1/2	19 1/2
American (N. J.) .....	.90	20 1/2	21 1/2
American Surety	2.50	62	64
Boston	2.40	59	61
Camden Fire	1.15*	22 1/2	23 1/2
Continental Casualty ..	2.50*	73	74 1/2
Fire Association	2.50	65	67
Fireman's Fund	2.60	86 1/2	88 1/2
Firemen's (N. J.) .....	.60	21 1/2	22 1/2
Glens Falls	2.00*	51 1/2	53
Globe & Republic .....	.50	12 1/2	13 1/2
Great Amer. Fire	1.30*	29 1/2	31
Hanover Fire	1.60	35	36
Hartford Fire	2.50*	119	121
Home (N. Y.)	1.60	37	38
Ins. Co. of North Am. ..	2.50*	106	108
Maryland Casualty .....	.80	20	21
Mass. Bonding	1.60	30	31 1/2
National Casualty	1.50*	33 1/2	35 1/2
National Fire	2.50*	61	63
New Hampshire	2.00	44	46
New Amsterdam Cas. ..	1.20	39	40 1/2
North River	1.20	25 1/2	26 1/2
Ohio Casualty	1.20	59	63
Phoenix, Conn.	3.00*	77	79
Preferred Accident	4 1/2	5 1/4	
Prov. Wash.	1.40	32 1/2	34
St. Paul F. & M.	2.60	96 1/2	98 1/2
Security, Conn.	1.60	34 1/2	35 1/2
Springfield F. & M. ..	2.00	45 1/2	47
Standard Accident	1.60	36 1/2	37 1/2
Travelers	12.00	475	485
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U. S. Fire	2.00	65	67

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Here is another American-Associated first—a new, broader form for covering the insured's legal liability for damage to buildings leased to him or in his care, custody or control.

There have been innumerable requests from Producers and insurance buyers for this coverage during the past two years. By introducing this form, which has been filed and approved in most states, we believe American-Associated goes a long way toward solving a very timely problem.

This form, available to Commercial risks, covers the insured's legal liability for practically ALL damage to buildings—including damage by fire—in his care, custody, or control. It applies not only to liability for direct loss, but also to consequential losses.

FEW EXCLUSIONS . . . The only basic exclusions pertain to damage resulting from water (this does not apply to water used at the time of a fire for the purpose of extinguishing or preventing the spread of such fire), hail, snow or ice, and liability assumed under contract. However, the contractual liability exclusion does not apply to those cases involving negligence on the part of the insured.

COVERAGE EASILY PROVIDED . . . A special endorsement may be attached to any American-Associated Commercial Liability Policy. This has the effect of eliminating the care, custody, or control exclusion of the basic policy insofar as damage to buildings is concerned.

SIMPLIFIED RATING METHOD . . . The annual flat rate per \$100 depends upon only one factor: whether the occupancy is manufacturing or non-manufacturing. The appropriate flat rate is subject to a credit of 60% if the insured premises are sprinklered.

LIMITS REQUIRED . . . The amount of coverage (limit of liability) should equal at least 80% of the value of the building, or portion thereof, occupied by the Insured. The Property Damage limit provided by the underlying policy should be equal to the largest limit of liability for any of the buildings, or portions thereof, to which this coverage relates. From each loss to any single described exposure there shall be deducted an amount equal to 1% of such loss, or \$100, whichever is greater.

AMERICAN AUTOMOBILE
INSURANCE COMPANY
SAINT LOUIS

ASSOCIATED INDEMNITY
CORPORATION
SAN FRANCISCO

**AMERICAN
INSURANCE**



**ASSOCIATED
COMPANIES**

Companies Shaving
Group Casualty Rates
Up to 15% Monthly

Larger the Total
Premium, Greater
the Reduction

Perhaps the latest competitive device developed in the group casualty field is that of issuing premium reductions up to 15% based on the size of the total monthly premium. Several of the large eastern life companies have adopted this practice which is merely one result of heightened rivalry which has forced the companies to be more ingenious than ever before in shaving group casualty rates. There have been reductions in premiums for large groups allowed by certain casualty and life companies for some time, but these were customarily based on the size of groups and did not involve lumping all of the premiums on the separate coverages together as the basis for reduction in premium. There are variations in the premium-based reductions but a typical reduction table of the type used by one company follows:

Total Monthly Premium Before Reduction	Percentage Reduction
Less than \$1,000	0%
\$1,000 to \$1,250	1
1,250 to 1,500	2
1,500 to 1,750	3
1,750 to 2,000	4
2,000 to 2,500	5
2,500 to 3,000	6
3,000 to 3,500	7
3,500 to 4,000	8
4,000 to 5,000	9
5,000 to 7,500	10
7,500 to 10,000	11
10,000 to 15,000	12
15,000 to 20,000	13
20,000 to 25,000	14
25,000 and over	15

In the above table 5% reduction is allowed for all cases below \$2,500 if the plan is non-contributory or mandatory as a result of a collective bargaining agreement. All reductions apply for dependents coverage issued in conjunction with such employee plan.

The total monthly premium before reduction represents a combination of manual premiums for all casualty coverages which will be written under one policy. To each such combination of premiums the reductions are applied.

Competitors of companies employing this type of lump premium reduction say that it is obtained at least partially at the expense of the agent. It has been the custom, they point out, to pay an agent commission on each coverage separately. Where the coverages are added together for the purpose of premium reduction, the agent gets a smaller commission on the large total than if the premiums were figured separately.

No Short System Credit

The companies in question do not use the non-contributory short system accident and sickness rates in figuring these premium reductions, that is they do not allow rates which credit for self-administered non-contributory plans.

This is a popular, but by no means the only system that has sprung up recently for lowering group casualty premiums at the front end, so to speak, in addition to low retentions or high dividends. It is a competitive concomitant of the growing practice in group life insurance of downward deviation in initial rates.

It has been a fairly common prac-

Transamerica Fleet
Is Augmented

Manufacturers Casualty
and Manufacturers Fire
Acquired from C.C.C.

SAN FRANCISCO—Sam H. Husbands, president of Transamerica Corp., announces that Transamerica has purchased Manufacturers Casualty and Manufacturers Fire from Commercial Credit Co. of Baltimore. Transamerica has acquired all but a small number of shares.

Manufacturers Casualty was organized in 1915 and its fire affiliate, five years later.

The casualty company will operate hereafter as a running mate of Pacific National Fire and Paramount Fire, both Transamerica subsidiaries. John L. Mylod, president of both the latter companies, will become chairman of Manufacturers Casualty.

At the end of 1949, Manufacturers Casualty and its fire affiliate had assets of \$20 million and a policyholders' surplus of \$5,617,000. These companies had premium income in excess of \$11 million.

"This acquisition", Mr. Husbands said, "will round out the insurance coverage offered by our subsidiaries through providing casualty insurance in addition to the protection already offered in life, fire and marine fields."

Majority-owned insurance companies in the Transamerica portfolio before this latest purchase included Occidental Life of California, Pacific National Fire, Premier and Paramount Fire, the latter purchased in January this year.

The home office of Manufacturers Casualty will be maintained at Philadelphia as heretofore.

President Husbands of Transamerica, as well as Vice-president W. L. Andrews, will become directors.

The Commercial Credit Co. insurance fleet now consists of Calvert and Cavalier, auto finance insurers; American Credit Indemnity and American Health.

Dr. Baehr New President

Dr. George Baehr was elected president and medical director of Health Insurance Plan of Greater New York, succeeding David M. Heyman, who was elected chairman. Deputy Mayor William Reid was elected vice-chairman and George G. Kirstein, former executive secretary and chief administrative officer of national war labor board, fills the newly-created post of executive vice-president.

tice in the group casualty field to allow a reduction on the group casualty premiums of 10% for groups including 2,000 persons or more, but this is an across the board reduction that does not graduate upward.

The term "close" is most aptly applied to casualty competition, because the variance between companies on rates is quite small, but even the smallest advantages are explored, especially by unions in collective bargaining.

The situation has reached a point where some of the grayer heads in the group field are expressing concern. They say retentions in some cases are impossibly low. They say that the companies in question will either be forced to raise rates or lose money. They express special concern for the company with small volume and large staff which now operates on a shoestring, and may lose even the lace.

There is a general suspicion that some companies are pulling rates out of the air and have substituted sales for underwriting.

Study Shows High
Mortality Among
Young Drivers

A study by Lincoln National Life of death claims it has paid on persons who had alcoholic habits sheds some interesting light on automobile deaths at younger ages. The company tabbed all cases where the inspection report revealed that applicant drank, and followed the experience on policies issued in 1931 and later years forward to 1948.

In the 10-29 age group (at time of issue) automobile accidents accounted for the deaths of 29.8% of all deaths in this age group in the alcoholic classification, by far the largest single cause, next came other accidents, 18.1%, suicide, 10.6%, and alcoholism 9.6%.

The importance of accidents as the cause of death among habits cases, particularly at the younger ages, is clearly indicated. Walter O. Menge, vice-president of Lincoln National Life, stated in a paper presenting the results of this study. Auto accidents alone were responsible for almost one-third of the deaths for issue ages 10-29 and combined with other accidents they accounted for almost one-half of the total deaths.

Restudied Inspection Reports

The high percentage of deaths from accidents led the life company to review the inspection reports made at the time of issue for all death claims where the alcoholism degree was classified as A—intoxicated six times a year for day or evening only. (The "best" of the several classifications used for the study.) These inspections were available in 112 claims out of a total of 117. The information was reviewed to sort out cases in which there was a criticism of the applicants' automobile driving, including driving while intoxicated and history of automobile accident. The distribution of these claims by cause of death shows that accident was the cause of death of 13, and all other causes accounted for the deaths of 18, where there was automobile driving criticism. Where there was no automobile driving criticism, accident caused the death of 16, all other causes accounted for the deaths of 65. Thus of 31 death claims with automobile driving criticism at time of issue, 13, or 42% died of accidents. Of 81 claims with no automobile driving criticism only 16, or 20%, died of accidents.

The life company concludes that inspection criticism of an applicant's automobile driving record when combined with alcoholic habits criticism is a serious matter, materially increasing the likelihood of accidental death. Excessive use of alcohol results in excess mortality that is of considerable magnitude, Mr. Menge concluded.

New Cal. Rating Schedule

LOS ANGELES—Following a closed meeting here California industrial accident commission has decided to put into effect its new disability rating schedule, to be effective as of July 1. The commission has no intention to make the schedule retroactive.

At a previous hearing at San Francisco three legal opinions as to whether the schedule will be retroactive were expressed. This leaves the matter up to the courts for final ruling and it is expected considerable individual litigation will follow.

Correction as to Dividend

The recent dividend declaration of Allied Compensation of Los Angeles was 25 cents per share to stock of record April 18 and not 5% per share as was erroneously reported in THE NATIONAL UNDERWRITER.

Chicago Transit
Authority Lacks
Cover in Crash

Has Excess Liability
Insurance on Elevated
But Not Surface Lines

One of the worst wrecks in Chicago local transportation history occurred last Thursday evening when a Chicago Transit Authority high speed modern type streetcar struck a gasoline truck. In the ensuing fire 33 persons, mostly occupants of the streetcar, were killed and 16 are still hospitalized with injuries. Additionally, seven buildings were involved in the fire with a total property loss of perhaps \$70,000. Besides the streetcar that was worth about \$30,000, four automobiles were destroyed and the gasoline truck.

It turns out that Chicago Transit Authority at that time had no liability insurance whatsoever on its surface line operations although it does have an excess cover through Scarborough & Co. on its elevated line properties. It is understood that CTA had been solicited to cover the surface lines but balked at the rate. It has about \$5 million in its self insurance fund.

In Illinois the limit of recovery for wrongful death is \$15,000 so that the maximum recovery on account of the deaths would be about \$500,000. There could be substantial additional liability for injuries and the property damage liability might run to \$100,000.

Tragic Set of Circumstances

A tragic set of circumstances was to blame. There had just occurred a heavy downpour of rain that was concentrated on the south side of Chicago where the wreck occurred and this produced a flash flood which obstructed the underpass at 63rd and State street which this particular streetcar was approaching. Just short of 63rd street was a turn-around. There are several versions of exactly what happened. In any event the switch had been thrown to route the south bound car over the turn-around. There was a flagman on the spot and he was quoted as saying that he waved his flag frantically at the motorman to warn him that the switch was open, but he said the car continued on.

At just that moment there was approaching, in the northbound lane, a truck loaded with about 8,000 gallons of gasoline, belonging to Sprout & Davis of Whiting, Ind. The streetcar plowed into the side of the truck and the contents were spilled and sprayed over the streetcar and into the street. There was a slope at that point which made matters all the worse.

Some of the passengers managed to escape but 32 died as they were crushed near the exits. The motorman was one of the victims, but the conductor escaped by climbing through a rear window. The truck driver was killed.

Clark to Local Agency

HARTFORD—E. Leonard Clark has joined the Morrissey & Cheney Agency here as office manager. He has been with the liability and compensation underwriting department of Aetna Casualty. He graduated from Syracuse University in 1943 and is a navy veteran.

What Interests Buyers in Field of Crime Coverages

NEW YORK—It is always interesting to get the buyers' idea of what constitutes an insurance problem. It was obvious at the insurance section of the American Management Assn. here that one of their big concerns these days is crime loss. The panel on that subject developed a number of interesting points.

Walter M. Sheldon, vice-president of W. A. Alexander & Co., Chicago, the panel moderator pointed out in his introduction that neither science nor education have been able to solve the criminal loss problem. The employer can only protect himself by way of insurance.

Many criminal losses are uninsured or only partly covered he said. Why? Because employer fails to recognize that dishonesty is a real factor in his business; he places too much confidence in fool proof bookkeeping or audits, and to often he has blind faith in trusted

employees.

There was considerable interest in a formula for learning the amount of fidelity coverage that an insured should carry. Ernest W. Fields, vice-president U. S. Guarantee, said there was no good rule of thumb by which insured could arrive at that amount. Insured can reasonably tell what the exposure is and what limits he should have on burglary, robbery and holdup; it is not so easy on fidelity and forgery.

He said that when formulas are studied in connection with catastrophe fidelity losses that actually have occurred, it becomes obvious that formulas do not work. The most important premium dollar the buyer pays is the one he spends for insurance beyond what he thought he would need, he commented. With the loss trend up radically, with class C employees causing large losses, with thefts of raw materials, with increased collusion between em-

ployes and outsiders, it is important to buy more fidelity bond protection.

Frank W. Pennartz, insurance supervisor of Food Fair Stores, Philadelphia, pressed for a more specific answer. He asked the insurance men on the panel to set up a sample company with \$1 million assets and \$5 million sales and decide what fidelity limits that firm should carry. Buyers would like a clearer definition. Mr. Fields replied that as to the last six catastrophe fidelity losses, there simply would be no way the buyer could have determined in advance he would need so much coverage. The latest one, a shirt company, had a loss of \$566,000. Based on any formula, it could not have justified \$500,000 of coverage prior to discovery of the loss.

LOSS PREVENTION

How can the insurance company help prevent losses? Clinton A. Sullivan, Liberty Mutual, said that if the company has a good bond set-up, employees are investigated. On new bonds insurer investigates carefully; on a switch, it generally accepts the previous carrier's

investigation. Beyond this is the individualized program of controls that insurer may suggest. Insurers have developed in recent years the prevention technique of pointing out insured's internal weaknesses. Some companies have developed this idea extensively. Insurers analyze losses carefully to learn how they occur and they pass along recommendations with claim checks, suggest prevention in general trade journal articles, etc.

Mr. Pennartz said his experience was that the insurers do only limited investigation of employees, and many confine that investigation to correspondence. What they do is fine, he said, but sureties could do the big buyer a lot more good by developing information by other means, such as personal investigation. This would not, he thought, be very expensive. If this were done, he thought a good many losses would not occur. He cited a case in his own organization which would have been prevented by such auxiliary inquiry and would have saved his firm a headache and the surety a sizable claim.

Interested in Habits

Mr. Sullivan said bonding companies are interested in habits of employees bonded. For example, department store cashiers float from store to store. One surety had a series of claims which fell into a pattern. The underwriter put four or five claims on his desk and studied them closely. In each case the personal references were the same—and on examination were found not to exist; the social security number was the same. The surety circularized department stores to warn them of this particular individual, who was finally caught.

Mr. Pennartz said his surety gives him as good loss prevention service as is available, but Food Fair Stores leads the way in prevention methods. It has devised three such methods in the past year, one so new insurer had not even heard of it. He wondered why insured should have to lead the way in this respect.

Mr. Sullivan defended the insurers by stating that it has been only in recent years they have undertaken this newer technique of prevention, but they have recognized its value and brought it steadily to an increasing degree of effectiveness.

Living Beyond Means

Another question was whether the surety ever checks a trusted employee to see if he is living beyond his means. Mr. Sullivan said the bonding company would be happy to do so if asked, but would not proceed unless asked to do so by insured.

Peter Drake, insurance manager of W. T. Grant Co., New York, said he thought the trouble was that both insured and insurer have been investigating the same thing and to the same extent, thus duplicating the efforts of each other. He suggested insured learn what the surety does and then go beyond that. It is very important to determine whether there is any record of dishonesty, excessive drink, or excessive borrowing.

Val White, fidelity manager Employers Mutual Casualty of Wisconsin, said that underwriters are extremely alert to any evidence in the man's habits or background to four things—slow horses, fast women, hard drinking and a sick wife. He pointed out that buyers often object when sureties turn down a man unless he has a jail record.

Supplementary Inquiries

"You would be surprised what your best friends can tell about you," he commented. Insurers do supplement mail inquiries by outside investigation. However, whereas applications used to be mandatory, they are not always required or furnished under blanket bonds, and in recent years the big swing has been to blanket type cover.

Mr. Pennartz suggested that when insured completes the applications it would

(CONTINUED ON PAGE 28)



Real Protection against the Catastrophic Cost of a trip to the Hospital

It is what you have been looking for--it is
what your client has been asking for . . .

New Preparedness Hospital-Surgical Plan

- ★ Daily Room and Board up to \$10.00 for as long as 90 days
- ★ All the cost of hospital extras up to \$100.00----plus 75% of the cost of the next \$1000.00 in extras
- ★ Surgical Schedule up to \$200.00 (\$100.00 for appendectomy)
- ★ Plus ambulance
- ★ Plus emergency X-Ray - - - - accident

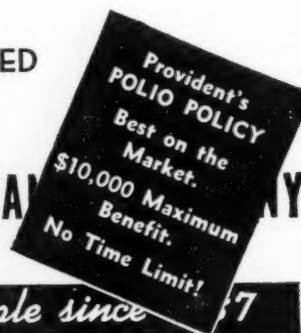
At a price your client can afford to pay

INVESTIGATE TODAY!
BROKERAGE BUSINESS INVITED



PROVIDENT LIFE & ACCIDENT INSURANCE CO.
CHATTANOOGA

protecting provident people since 1877





When Milton Warren first called on the ——— Company, he was merely following up a routine lead. He knew none of the company's officials and his agency was writing none of the firm's insurance. But "Milt" had the knowledge, the ability and the tools to build that first contact into an extremely valuable account. He seized the opportunity, during that very first interview, to suggest a complete Aetna Plan survey, and the prospect was glad to co-operate.

Two weeks later,

"Milt" delivered the completed Aetna Plan and received immediate orders for Comprehensive Liability, Fire and Extended Coverage, Automobile and Burglary insurance, with premiums totaling \$3,000. The prospect was both amazed and pleased to have such a comprehensive, easy-to-understand analysis and record of all his insurance needs and to this day continues to be one of Milt's most enthusiastic boosters.



"Here's my Two-Point Formula for Insurance Sales Success"

—Says MILTON WARREN, Aetna-izer
Van Schaack & Company, Denver, Colorado



"First, an agent's knowledge of insurance must be sound and comprehensive. I acquired such knowledge at the Aetna's Home Office Casualty and Surety Sales Course. Here, I learned no trick selling methods — I just *learned*. The curriculum is wholly practical; the caliber of the instructors unsurpassed. In my opinion, this course puts an agent at least ten years ahead of any competitor who tries to dig out the answers for himself.

"Secondly, an agent should have a systematic method of determining his prospect's exact insurance needs. In the Aetna Plan, I found a method which has no peer — either for personal or commercial account selling. During the past two years, I have written over \$25,000 in new premiums, all of which were the direct result of 12 Commercial Aetna Plans.

"The Aetna's Sales Course raises an agent's services to a professional plane. Regular use of the Aetna Plan helps to *keep it there*. Together, they provide a two-point formula for insurance sales success."

AETNA CASUALTY AND SURETY COMPANY

The Aetna Life Affiliated Companies write practically every form of insurance and bonding protection

LIFE AND CASUALTY

Aetna Life Insurance Company
Aetna Casualty and Surety Company



Hartford 15

FIRE AND MARINE

Automobile Insurance Company
Standard Fire Insurance Company

Connecticut

Floria Heads Upper Peninsula Agents

Resolution Asks Restoration of Countersignature

ESCANABA, MICH.—A resolution requesting restoration of countersignature fees to local agents in connection with the coverage of upper peninsula properties by out-of-state brokers was adopted at the annual meeting here of Upper Peninsula Assn. of Insurance Agents.

It was pointed out at the session, attended by 135 agents and company men, that the companies gradually have abandoned the former practice of providing countersignature fees to agents in the area of properties insured through the large brokerage offices. Placing of this business on a large scale without any remuneration to the agent in the locality was felt to be unfair and the agents unanimously supported the resolution, proposed by Harry E. King of Calumet, chairman of the resolutions committee. Much upper peninsula business, it was

noted, is written by Chicago and Milwaukee brokers who have the policies countersigned either by company specials in Michigan or by agents in border territory who merely are asked to countersign the contracts and who do so without expectation of payment since the business is not in their area.

Pick Munising for 1951

It was decided to hold the 1951 convention at the Beach Inn, Munising, and in line with that plan, the major officers were chosen from that city. Vernon A. Floria of Munising was named president, succeeding Briton W. Hall of Escanaba, and Earl A. Wines, also of Munising, was made vice-president and secretary. No treasurer was chosen at this time.

Leon J. McVoy, Grand Rapids, state association president, was the banquet speaker. He stressed the new status of the local agent in recent years as qualification laws and intensive educational programs have transformed him into a business professional whose skilled counsel and service are of great value to his clients.

A similar note was sounded by A. Lynn Minzey, superintendent of agencies of Auto-Owners, in his talk on "Insurance Trends." He warned against the school of thought which holds that insurance can be purchased for less money

outside the agency system and without agency service.

The machinery and current activities of the Michigan association were described by Waldo O. Hildebrand, secretary-manager, speaking on "Our Trade Organization".

Importance of Surveys Stressed

The importance of surveys was stressed by S. W. Schellenger, Buckeye Union companies. He enumerated many errors uncovered by such surveys.

N. Edward Bartlett, Maryland Casualty, speaking on "Forgery and Bonds", noted that the "3-D" policy is more inclusive than any other so far developed. He enumerated many cases which would not be covered by less comprehensive contracts.

Two former Michigan association presidents, Howard W. Huttenlocher, Pontiac, chairman of the midwest territorial conference, and Russell A. Bradley, Ann Arbor, attended, as did C. Gilbert Waldo, Detroit, vice-president of the association.

Philip J. Braun, Flint, Mich., local agent, has been named president of the Flint Youth Bureau. He has been an active counselor in the bureau for several years.

Small Town Banker Finances Ky. Spree With Sticky Fingers

By CHARLES E. KOENIG

CINCINNATI — A spur-of-the-moment embezzlement of almost \$7,000 from State Bank of Waverly, O., is covered by Ohio Casualty under a banker's blanket bond standard form No. 24 in the amount of \$25,000. The bond was written through the Leo W. Lorbach agency at Waverly.

Assistant cashier Paul Smithson arrived at the bank early on the morning of May 17. He was reported not to have contemplated the theft but suddenly opened the strong box and took the cash. About 9 a.m. he borrowed the car of another employ on the pretense of using it for bank business. Driving to Portsmouth he abandoned the car and boarded a bus to Cincinnati.

After leaving one night club he was said to have engaged a cab, later reported as a "bootleg," to drive him to the gambling section in a Kentucky city across the river. According to Cincinnati newspapers he lost all of the cash he had with him and, in the company of a gambler, drove back to his hotel for more money, which he subsequently lost.

Later reports indicated the cab driver received a "cut" of \$1,600 for bringing a "customer" to the gaming houses. The driver was apprehended and admitted using this money to pay some of his personal debts.

A check of the bank books showed several accounts were short several hundred dollars. Bank officials are investigating them. No formal proceedings will be initiated until all the facts are studied.

Cincinnati police and FBI agents were instrumental in tracing Smithson to this city but were too late to salvage any of the money. Kentucky police are checking gambling house operators to find the gamblers who won the money.

Smithson has been placed in the custody of his father who posted his appearance bond. He is married and the father of two teen-age children. The people of Waverly considered him a good citizen and banker.

N. Y. Bond Forms

NEW YORK—The bond form for self insurers under the New York disability benefits law is expected to be worked out shortly. Many have inquired about it of the surety people. The bond begins at \$10,000 and goes up, depending on number of employees and other factors.

At the last legislature, New York amended the workmen's compensation law to permit the filing of a corporate surety bond by workmen's compensation self insurers. Insurance men are much interested in this because previously the procedure for qualifying as a w.c. self insurer was somewhat involved and it was particularly difficult to cease to be a self insurer and return to the ranks of insured. Securities had to be left in for some time.

Aetna Life Dividends

Aetna Life has declared a dividend of 50 cents a share; Aetna Casualty, 62½ cents; Automobile 25 cents, all payable July 1, to stock of record June 15.

Lintala Promoted to V.-P.

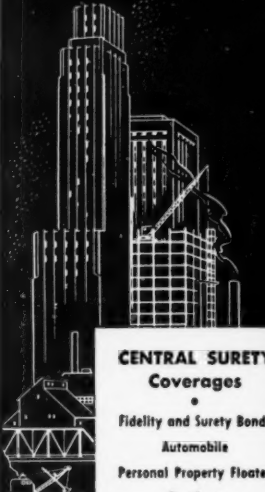
Ohio Grain Dealers Mutual has promoted T. M. Lintala from assistant secretary-treasurer to vice-president and assistant secretary-treasurer. He also is claims manager for Mill Mutuals.

Lumbermen's Mutual Conference

The Lumbermen's Mutual will hold its agents advisory council meeting at the home office of the company at Mansfield, O., June 14-16. Agents from 26 cities will attend.


CENTRAL SURETY has earned the reputation of a sound company and has the character to keep it.


Qualified in 48 states and with the U. S. Government, Central Surety firmly bulwarks the risks incidental to national progress.



CENTRAL SURETY
Coverages

- Fidelity and Surety Bonds
- Automobile
- Personal Property Floater
- Burglary
- Public Liability
- Plate Glass
- Workmen's Compensation
- Accident





CENTRAL SURETY AND INSURANCE CORPORATION

R. E. McGINNIS, President

HOME OFFICE KANSAS CITY, MISSOURI

Lumbermens.....MUTUAL CASUALTY COMPANY

Operating in New York state as (American) Lumbermens Mutual Casualty Company of Illinois

Financial Statement

JANUARY 1, 1950

Statement at the close of business December 31, 1949, as reported to the Department of Insurance, State of Illinois

(All bonds amortized. Stocks at book value, which is less than market value.

If all securities were valued at market, assets and surplus each would be increased \$1,363,489.80.)

ASSETS

Cash in banks	\$ 5,252,402.34
U.S. Government notes and certificates	48,045,346.05
U.S. Government bonds	32,301,784.98
Canadian Government bonds	1,367,799.61
Public utility and other bonds	3,681,291.25
Stocks	4,930,606.13
First mortgage loans on real estate	450,127.19
Real estate (including company buildings)	7,991,864.61
Premiums in transmission	7,668,459.95
Accrued interest and other assets	410,173.38
Total admitted assets	\$112,099,855.49

LIABILITIES

Reserve for losses and adjusting expenses	\$ 49,722,467.63
Reserve for unearned premiums	28,456,672.00
Reserve for taxes and expenses	6,469,985.64
Reserve for dividends to policyholders	9,950,730.22
Reserve for portfolio fluctuation	2,500,000.00
Reserve for contingencies	1,000,000.00
Total liabilities and reserves	\$ 98,099,855.49
Net surplus	14,000,000.00
Total	\$112,099,855.49

Paid for losses and returned to policyholders in cash dividends since organization more than three hundred seventy-five million dollars

Securities carried at \$6,861,041.18 in the above statement are deposited as required by law.

Lumbermens.....MUTUAL CASUALTY COMPANY
Operating in New York state as (American) Lumbermens Mutual Casualty Company of Illinois

Mutual Insurance Building • Chicago 40

BRANCH OFFICES • Atlanta 3, Kemper Insurance Building • Boston 16, 260 Tremont Street • Los Angeles 5, Kemper Companies Building • New Orleans 12, Baronne Building • New York 17, 342 Madison Avenue • Philadelphia 7, Philadelphia Savings Fund Building • San Francisco 4, Russ Building • Seattle 4, Dexter-Horton Building • Syracuse 2, Syracuse-Kemper Building • Toronto 1, Concourse Building.



CHANGES IN CASUALTY FIELD

Hartford A. & I. Chicago Changes

William Carrier, who has been in charge of the Chicago metropolitan claim department of Hartford Accident, has now been made first assistant to Robert Thompson, who is general attorney in charge of the western claim department of Hartford Accident at Chicago.

Mr. Carrier is succeeded in his former position by W. O. Woodsmall who is transferred from Kansas City.

The western claim department of Hartford has now been moved to the fourth floor of the Insurance Exchange building. The former space amounting

to about 5,000 feet is being taken over by the underwriting department on the 13th floor of that building. About a year ago the metropolitan claim department was moved to the third floor. J. F. Beardsley and S. J. Golomb have been named assistant superintendents of the fidelity and surety department at Chicago.

Beardsley from Grand Rapids

Mr. Beardsley graduated from University of Chicago in 1934 and has been with Hartford since 1935. Recently he has been special agent for the bond department at Grand Rapids.

Mr. Golomb is a graduate of Ohio State University and Loyola University law school and is a member of the Illinois bar. He started with Hartford as

a burglary underwriter in 1940. In 1945, he transferred to the bond department as underwriter and more recently has been in fidelity production.

Williams Western Surety Chief for Fireman's Fund

Luman E. Williams has joined Fireman's Fund Indemnity at Chicago as superintendent of the western department fidelity and surety division.

Mr. Williams has been with Hartford Accident at Oklahoma City in charge of the fidelity and surety department. He entered the business at Chicago in 1936 and before going to Oklahoma City was assistant superintendent of fidelity and surety for Hartford at Chicago. He is a former secretary and member of the executive committee of Surety Underwriters Assn. of Chicago. Mr. Williams graduated from the University of Illinois and was in the army during the war.



L. E. Williams

Meredith to U. S. Guarantee Home Office as V.-P.

George F. Meredith has been elected vice-president of United States Guarantee in charge of the fidelity and banker's blanket bond departments.



G. F. Meredith

Mr. Meredith, who has been with the U. S. Guarantee since 1937, has recently returned from San Francisco where he set up the Pacific department in 1948 and handled the fidelity and surety operations for the coast. Prior to that, Mr. Meredith served as underwriter in the banker's blanket bond department in the home office and from 1946 to 1948 as fidelity and surety manager of the western department at Chicago.

Hartford Has Two Coast Changes

Burrell C. Lawton, manager at Denver for Hartford Accident, has been appointed resident manager of the metropolitan department at San Francisco. George H. Beach will succeed Mr. Lawton as manager at Denver. He has been special agent in Cook county, Ill.

Mr. Lawton has been with Hartford since 1927, starting as an underwriter at Indianapolis. He was placed in charge at Denver when that office was established in 1947.

Mr. Beach joined Hartford in 1937 after having had experience in selling in the investment and insurance fields. He graduated from the University of Wisconsin.

Ernest Killer to Head Office of Century Indem.

Ernest Killer, who has been superintendent of the Chicago and Cook county bond department of Century Indemnity since 1945, is being transferred to the head office bond underwriting department. He has been in the business 30

years starting with O'Brien, Russell & Co. at Boston and then seeing service for a time with Independence Indemnity. He has been with Century since 1926, having started at the home office. For 10 years he was located in Ohio.

General Accident Names Three in So. California

General Accident has made several changes in the southern California office at Los Angeles.

Boynton Bryan Tickner is appointed associate branch manager in charge of production.

David M. McCrone of the underwriting department will hereafter devote his efforts to field activities.

Edgar J. Bartlett is appointed special agent for fire and inland marine. He has recently been with Crum & Forster as special agent in San Diego and San Bernardino counties and having had prior service with the Board of Fire Underwriters and Globe & Rutgers in San Francisco.

Cole in New Post

Robert C. Cole has been named safety engineer and auditor in Maryland, Delaware and District of Columbia for St. Paul Mercury Indemnity. Mr. Cole has completed training in the engineering and auditing departments of the home office, and now takes charge of the new engineering service office at Baltimore.

Keystone Elevates Babcock

William D. Babcock, Jr., has been elected treasurer of Keystone Automobile Club Casualty. He joined Keystone early this year as assistant treasurer. Before that he was treasurer of Manufacturers Casualty and Manufacturers Fire.

Atlanta Office Opened

ATLANTA — Michigan Mutual Liability has opened an office here under the direction of Resident Vice-president H. W. Gibson, who has headed the company's eastern office in New York.

Names La. General Agent

The Louisiana Bettes Co. of Alexandria has been named general agent in Louisiana for Pan American Casualty of Houston.

Pan American has appointed Gravel & Downs of Alexandria as general attorneys in Louisiana.

Thomas H. Nolan has been appointed supervisor of the safety engineering and inspection department at New York for Standard Accident.

Robert D. Fullenwider has been named district supervisor for Farmers Mutual Automobile at Wichita with jurisdiction over five counties.

ACCIDENT

Illinois Mutual Casualty Meeting

High point of the annual two-day agents convention and sales congress of Illinois Mutual Casualty at Peoria was the award of President's Month trophies to Roy Davis of Peoria for the largest premium volume during April and to C. C. Wheeler of Peoria for the largest number of applications during the month. Messrs. Davis and Wheeler had won their respective awards for the third consecutive year and thus gained permanent possession of the cups. There were 16 district trophies awarded by C. C. Inman, vice-president and agency director.

E. A. McCord, president, reviewed for the 250 agents present the progress of the company since its silver anniversary

75TH

ANNIVERSARY

1875-1950

ACCIDENT & CASUALTY INSURANCE COMPANY

OF WINTERTHUR, SWITZERLAND

Accident, Health, Casualty, Fidelity & Surety

MID-WESTERN DEPARTMENT

Insurance Exchange, Chicago 4, Ill.

WILLIAM K. SYNAN, *Manager*

HAROLD T. ROOS, *Assistant Manager*

UNITED STATES HEAD OFFICE

111 John Street, New York 7, N. Y.

OGDEN DAVIDSON

United States Manager

CHARLES A. BARKIE

ARTHUR F. MCCARTHY

U.S. Assistant Managers

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in 1935. Where the company in 1935 had a total annual business of \$191,000, today that is the monthly business total, he said. In 1935 the company had 300 salesmen and an office staff of 11, where in 1950 it has more than 800 salesmen and 65 in the home office.

There were 60 salesmen honored as master builders for completing at least one year with an application a week or better. James Smith of Peoria is the leader of the group with a record of 19 years and six years of weekly productions.

C. B. Stumpf, general agent of the company at Madison, and president of International Assn. of A. & H. Underwriters, presided at one of the sales sessions and speakers included Mr. Inman, Frank M. Stager, Sterling, Ill., President McCord and Mr. Davis.

Mr. Inman presided at the sessions the first day assisted by L. C. Squibb, southern Illinois field supervisor. Gladys P. Edwards, secretary, delivered her annual address. Service pins were awarded 32 agents. The convention closed with a golf tournament. E. B. Forsythe, manager of the claim and underwriting departments, conducted a forum on his specialty. Miss Edwards and C. F. Stiteley, auditor, explained home office procedure.

Mr. Stumpf presided at the second session, assisted by Melvin V. Kaiser, Minnesota field supervisor.

Carl H. Lane New St. Louis President

ST. LOUIS—Carl H. Lane, manager of Reliance Life, was elected president of A. & H. Underwriters Assn. of St. Louis at the annual meeting here last week. He succeeds W. Stanley Stuart, General American Life.

Vice-president is John A. Dugan, General American Life; secretary, Hal B. Miller, Mutual Benefit H. & A., and treasurer, Ferd A. Schuth, Jr., American Hospital & Life. Named to the board were Leo E. Coffman, Columbian National Life; Virgil L. Klausner, Accredited Hospital & Life; George Stevens, Travelers, and LeRoy F. Bohley, Federal Life.

Concentrating on the "six major principles of successful salesmanship," Frank M. See, New England Mutual Life, gave an address on "Answering Objections." Mr. See listed the major principles of salesmanship as: "Don't do all the talking yourself; never interrupt your prospect; avoid an argumentative attitude that is belligerently positive; inquire first—then attack; restate clearly each objection advanced by the prospect in your own words, and even more forcibly than he has, and identify the key issue and stick to it. Don't digress."

Physicians L. & C. Now Under Am. National Wing

Physicians Life & Casualty of St. Louis, which was acquired earlier in the year by American National of Galveston, now has capital of \$300,000, following declaration of 100% stock dividend. It has been incorporated as a legal reserve stock life company and is licensed in Missouri and South Carolina. It will confine its writings to hospitalization and A. & H. Applications are pending for license in Illinois, Kansas, Louisiana, Texas and District of Columbia. There are no plans at present to write legal reserve life insurance. The officers are the same as those of American National, they being W. E. Moody, Jr., president; W. L. Vogler, vice-president, and L. Mosele, secretary.

Set Up New Standard Cost Plan for Polio Cases

A new method of establishing hospital charges for polio cases was agreed to by representatives of Polio Insurance Assn. and Texas Hospital Assn.

The new formula sets up a standard cost system on the basis of charging

companies and patients in direct proportion to their cost with a standard percentage mark-up for contingencies.

Polio association represents some 50 companies, whose policies cover between 30 and 50% of all polio cases treated in Texas.

It was pointed out at the meeting that the companies have had difficulty in their claim departments because hospital charges were not based on any common standards.

In reporting on the meeting, Ross O. Urban, administrator of Ft. Worth City-County Hospital remarked that if the

plan should work with polio insurance it could probably be applied on a broader scale. He added that the hospitals must keep in mind at all times that insurance companies, whether Blue Cross or private, are the financial backbone of the hospitals and without their financial aid and support, compulsory health insurance is just around the corner.

J. D. Borne Succeeds Father

John D. Borne has been named to succeed his father, Lewis Borne, as general agent for Massachusetts Protec-

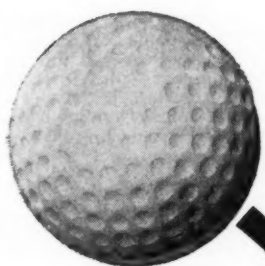
tive and Paul Revere Life at Honolulu, effective July 1. Lewis Borne plans to continue in personal production.

John Borne, who has resided at Honolulu since 1933, entered the business as an agent in 1941. He is a graduate of the L.I.A.M.A. school.

Confer on Minimum Benefits

Commissioner Downey of California called an informal conference on the regulations which he is to promulgate under the state's new minimum benefits law, with the California committee

"Unforeseen events . . . need not change and shape the course of man's affairs"



The Maryland's Comprehensive Personal Liability Insurance Policy protects you against financial loss arising from accidents like this and countless others for which you may be held liable.

Remember: because your Maryland agent knows his business, it's good business for you to know him.

MARYLAND CASUALTY COMPANY

Baltimore 3, Maryland

All forms of Casualty Insurance, Fidelity and Surety Bonds, for business, industry and the home, through 10,000 agents & brokers

Here is the newest in the series of attention-getting advertisements designed to help Maryland agents and brokers sell more Personal Liability policies.

which is handling the matter for the companies, at San Francisco May 23-25. Because several members of the committee were out of the state, no action was taken and another session was set for Los Angeles June 1. No company or organization representatives from outside the state were expected to attend.

Bankers L. & C. Asks Iowa Contempt Citation

DES MOINES—Bankers Life & Casualty asked the district court here to cite Commissioner Alexander for contempt. The company charged that Alexander "circumvented" one court order and "willfully failed to comply with another." Hearing on the application, the latest in the six-month controversy between the commissioner and the company over its "White Cross plan" of advertising, is being held this week.

Last October the commissioner ordered it to cease using the "White Cross plan," which he claimed was misleading. The company then obtained an injunction restraining the commissioner from enforcing the order.

Then, when Mr. Alexander declined to renew the licenses of Bankers L. & C. agents, the company on March 22 se-

cured an order directing the commissioner to issue such renewals.

The company now charges that Alexander "willfully failed to comply" with the March 22 order because in the agents license form reference to the company "having complied with the laws of Iowa" was struck out and there was inserted a statement that the license was issued pursuant to court order. Bankers L. & C. insists that it has complied with the laws and that this amendment of the license form comprises contempt of court.

Gale Davis Named Vice-President of Mutual Benefit

Gale E. Davis, assistant to the agency vice-president and assistant treasurer of Mutual Benefit H. & A., has been elected vice-president.

Mr. Davis joined the legal department of Mutual Benefit following his graduation from the University of Nebraska law school in 1932. In 1943, he became assistant to the vice-president in the agency department and in 1948 also became assistant treasurer.

Policy Limits Boosted

Accredited Hospital & Life of St.

Louis is using its blanket medical, H. & A. policy with no limit up to \$2,500 principal sum for accident and \$500 health protection. It will be issued individually or under a group plan.

Go After California "Medical Service" Assns.

LOS ANGELES—Action against a number of so-called medical benefit associations, which are not now under supervision of the insurance department, have been started by local prosecutors on complaint of Los Angeles Better Business Bureau.

Norman S. Stafford, alias C. C. Roberts, pleaded guilty at Pasadena to eight counts out of 20 of obtaining money under false pretenses in connection with the operation of Western Beneficial & Medical Assn. It sold contracts for medical, hospital and health services, but testimony at the hearing brought out that it had failed to fulfill its contracts. Contract holders allegedly were given a panel of doctors to whom they could go, but in some instances at least the doctor knew nothing about being on any such panel.

Complaints also have been filed here against the Union Mutual Health & Medical Assn. and eight other similar associations. Hearing has been set for June 7.

An effort will be made to have the legislature at the next session embody in the insurance code sections that will place them under the jurisdiction of the insurance department. Commissioner Downey has complained frequently regarding their operations.

New Group Health Officers

ST. PAUL — Louis E. Lerman of Mahtomedi has been elected president of Group Health Mutual and Group Health Assn. He has been secretary of the board. Arthur Hansen, Blue Earth, and A. J. Neisen, Minneapolis, become vice-presidents, and O. E. Rude, Minneapolis, secretary.

Opens Newark A. & H. Dept.

American Casualty is establishing a separate A. & H. department in its Newark branch office.

Raymond Wheat, who has been in insurance work 15 years, most recently with Continental Casualty, has been placed in charge of the department as manager.

SURETY

Investigation No Representation Employee Is O.K.

A suit on the part of a fidelity insured to recover over and above the limit of bond, for misrepresentation and deceit on the part of the insurer on the ground that it did not investigate the employee who caused the loss, ended unsuccessfully when Federal Judge Medina in southern district of New York dismissed the proceedings. The case was Standbury vs. Massachusetts Bonding.

The insured asked \$10,000 under the bond and total judgment of \$25,696. Insured alleged custom and usage whereby bonding companies investigate the prior records of employees; insured stated that he relied on this custom and usage and that Massachusetts Bonding failed to investigate the employee, and that if they had carefully investigated they would have found that he had been arrested for burglary, breaking and entry in 1933, and would have refused to issue its bond and the insured would not have continued him in its employ.

It is alleged that by issuing the bond, Massachusetts Bonding impliedly represented that it had investigated the em-

ployee and represented that he was a good risk and that the insured could continue his employment with confidence in his integrity.

Judge Medina said the insurer had made no representation. Even had it known of the prior arrest, nondisclosure of that would be a misrepresentation only if the insurer was under a duty to disclose such information. Massachusetts Bonding was under no such duty. Under its bond it assumed the risk of defalcation by the employee limiting its liability to the amount of \$10,000; the only duty it assumed was to indemnify the insured up to the amount of \$10,000 on certain contingencies.

Massachusetts Bonding is not alleged to have had any knowledge that the insured would rely on the issuance of the bond as an assurance of the employee's reliability nor is it alleged that the insurer intended to induce the insured to rely upon such representation. Accordingly, if there was any reliance upon such assumed investigation, such reliance so far as disclosed by the complaint was wholly without justification.

Bond Big N. D. Project

Fidelity & Deposit, through the Conkling, Price & Webb agency of Chicago, has originated a contract bond covering United Construction Co. of Winona, Minn., in its contract of \$9,749,245 for constructing stilling basin and power house foundation of Garrison dam and reservoir in North Dakota. Performance and payment bonds, each in the amount of \$2½ million, were written.

Dam Contract Awarded

Morrison Knudsen Co. and J. A. Teterling & Sons, both of Boise, Idaho, have been awarded the contract at \$3,494,963 for certain work on the diversion channel, cofferdams, main dam and spillway at the Lucky Peak dam near Boise, Ida. Fidelity & Deposit and Maryland Casualty will execute the bonds.

Lawyer Addresses Forum

Charles R. McNamee, partner in the law firm of Maurice & McNamee, discussed court decisions and laws which materially affect the rights of a surety in respect to subrogation and indemnity, at the May meeting of the Surety Claim Men's Forum, New York City. Oscar R. U. delGuidice of Columbia Casualty, presided. The meeting June 8 will be the last of the season, and the planning committee will outline plans for the season beginning in October.

COMPENSATION

Controversy in Va. on Compensation Rate Change

RICHMOND—Virginia state compensation commission has been requested by Workmen's Compensation Inspection Rating Bureau to reduce rates by 13.5%. The commission's insurance division, however, recommended a cut of 21 to 24.2%, depending upon the profit factor to be allowed. Then again, E. L. Evans, of Columbus, consultant actuary hired by Virginia Manufacturers Assn., said the rate should be dropped 35.8%. Attacking the figures of National Council on Compensation Insurance used by the inspection bureau, Evans said the Virginia rates are high in comparison with other states.

The commission continued the hearing until a later date, at which time the insurance division will present its figures.

Stiffer Eligibility Rules

Compensation Insurance Rating Board of New York has increased the eligibility requirements for experience rating



\$5000 Medical Expense
for
Polio
and 7
Dread
Diseases

3 Plans for all needs

Here they are...the really superior Polio and Dread Disease* Plans. \$5000 Blanket Medical Expenses with no "schedules" and no "deductibles." Covers expenses incurred within three years from date of first treatment...for Polio, Diphtheria, Smallpox, Spinal Meningitis, Scarlet Fever, Tetanus, Encephalitis and Leukemia. All ages are eligible...and you can sell American's plan to individuals—to families—to groups!

The first three months of this year show an increase in Polio cases of 25% over 1949 (an epidemic year). BE PREPARED to handle the huge demand for Polio and Dread Disease coverage which has already started. Give your clients the FINEST policy and double your own earnings! Write today for full information about American Casualty's Polio and Specified Dread Disease Policy.

*The Specified Dread Disease Policy is not available in New Jersey.

AMERICAN CASUALTY
COMPANY • READING, PENNSYLVANIA

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Rating Board
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During the last year of the experience period, the premium at manual rates must be at least \$1,500 or the average annual premium at manual rates for the last two or more years must be at least \$750. At least two years must have elapsed from the inception date of the experience which is applicable to the risk under the provisions of the plan.

For the past 15 years, the comparable figures have been \$1,000 and \$500.

The governing committee concluded that these old requirements were no longer realistic due to the increase in wage levels and the fact that experience rating became available for risks with fewer employees than was true when the plan was first established.

To Consider Rate Changes

Minnesota Compensation Rating Bureau will hold a special meeting of its rating committee June 8 at Brainerd to consider proposed changes filed by the National Council.

PERSONALS

W. E. Sturges, founder of the Sturges & Bragg agency at Des Moines, was honored at a dinner tendered by Fidelity & Deposit in recognition of 25 years of representation.

John Frost, special auditor in the crime coverage department of Liberty Mutual spoke on control of fraud through accounting at the convention of the Drop Forgers Assn. in Chicago.

Ralph H. Metcalf, Kansas City manager of Employers Casualty, has returned to his desk after a severe attack of appendicitis.

Bill Favors Corporate Surety

Rep. Karsten, chairman of the subcommittee on public accounts, which conducted the hearings on the bonding of federal employees, has introduced a bill covering the subject which has been referred to the main committee on expenditures in the executive departments. The bill provides the government shall purchase the bonds, which seems to indicate the idea of a government bonding fund of some kind has been pretty well quashed. The introduction of the bill is regarded as at least a preliminary victory for corporate suretyship.

The second sentence of the former law, which stated that the government would not pay the premiums on the bond, now has been eliminated.

Bids When Over \$500

The bond may cover a period not exceeding two years and premium paid may be paid from funds available for administrative expenses when the contracts are made. If the premium cost exceeds \$500 for any bond procured under the authority of the section, bids are required through the administrator of the general services administration.

The two year ceiling will enable writing of bonds at a discount over the per year cost. The matters of no cumulative liability and of cancellation on reasonable notice are not touched on in the bill.

It is not known whether there will be more hearings by Mr. Karsten's subcommittee. Under normal circumstances, the main committee would accept its subcommittee's recommendations and report out the bill.

Temporary Fund \$5 Million

Temporary contributions to the New York non-occupational disability benefits fund totaled \$4,816,352 the first three months. Because of fuller employment, the total for the second three months is expected to be somewhat greater. These contributions are preliminary to the effective date of the law, July 1, and will be used to finance claims arising

when the law gets under way and before regular payments have been accumulated. Annual claims will be \$12 million, it is estimated.

Issue Supplemental New York TDB Forms

The New York department has sent out to companies licensed to write benefits under the temporary disability benefits law a new advisory form designed to qualify existing policies by providing that every disabled employee will receive benefits at least equal to those provided under the law.

Called advisory form F, it raises benefits to the statutory level in every case where the policy might fall below this level.

Advisory form J, which was sent out previously, is designed as a rider for existing policies to qualify programs which meet the "at least as favorable" test required by the law.

Indiana Auto Totals Incorrect

The automobile figures for Indiana Ins. Co. in the annual Automobile & Aviation number were incorrect. The property damage premiums were shown as \$271,520, when in reality they were

\$721,520. Comprehensive premiums were short \$3,577 (towing and road service). These changes make net premiums for Indiana \$3,172,505 and the company had an increase over 1948 of \$349,278 instead of the reported decrease of \$104,278.

Government Employees Capital to Be \$700,000

WASHINGTON — The directors of Government Employees Ins. Co. have declared a 16 2/3% stock dividend consisting of 25,000 shares of \$4 par value stock, payable July 1, to stock of record June 15, in the ratio of one share of dividend stock for each six shares of stock held on the record date. This increases the capital from \$600,000 to \$700,000.

The directors also declared the regular semi-annual dividend of 50c per share payable July 31, 1950, to stock of record July 15, 1950.

Am. Surety Opens Sales School

A three-weeks sales promotion conference has begun at the home office of American Surety under the supervision of the agency and production department.

The conference will conclude a 10-

month student training program. In addition to 10 students, 19 recently appointed special agents will attend. Emphasis will be placed on the fundamentals of salesmanship and successful sales techniques.

Directing the conference are George F. Ainslie, Jr., vice-president, C. W. McNeil and Alfred Edwards, sales promotion managers, all of the agency and production department; and O. L. C. Radford, production manager of the New York metropolitan branch office.

Pennsylvania Life Meeting

Pennsylvania L. H. & A. is holding its district managers convention at Miami Beach.

There are 74 managers and officers and supervisory staffs attending.

Commissioner Larson and E. A. Faircloth, deputy commissioner, will attend from the Florida department.

N. Y. Auto Group Elects

Automobile Casualty Underwriters Assn. of New York at its annual meeting elected as chairman, W. T. Meckbach, U. S. F. & G.; vice-chairman, James Strain, Yorkshire Indemnity; secretary, W. J. Richardson, Royal-Liverpool.

HAWKEYE · SECURITY · INDUSTRIAL · THREE OF THE FINEST



Our Agents Get All 3

Every agent who joins Hawkeye-Security-Industrial's team of agents is assured of getting the best in all 'round home office service every day of the year.

In addition to providing full Fire, Casualty and Industrial coverage Hawkeye-Security-Industrial gives its agents the kind of service that builds sales . . . no red tape . . . prompt settlement of claims . . . and a Field Representative staff that really works closely with agents.

These are some of the reasons why "the trend is to Hawkeye-Security-Industrial."

HAWKEYE CASUALTY CO.
SECURITY FIRE INS. CO.
INDUSTRIAL INS. CO.

Des Moines, Iowa

HAWKEYE · SECURITY · INDUSTRIAL · THREE OF THE FINEST

Review Rating Plans for New York DBL

As of May 15, 79 companies had filed rates with the New York department on the state disability benefits law, M. J. Schwartz, of the department, said in reviewing DBL rates and rating plans in an informal discussion at the spring meeting of the Casualty Actuarial Society. Many companies have filed three groups of rates generally classified as 4-24 lives, 25-49 lives, and groups with 50 lives or more.

The rates filed are minimums, he said, which are in many cases loaded for industry and other hazardous exposures. Rates for groups larger than 50 are

loaded for sex with the loading running between 40% and 60%. Some companies have filed graduated percentage discounts based on the amount of premium and in some cases on the number of lives. One company has filed a retrospective rating plan.

In groups of 4 to 24 lives 27 companies have filed per capita rates regardless of female content ranging from \$1.70 to \$2 per person per month, the average being \$1.85. Most of the others have filed percentage of premium rates.

In the 25 to 49 lives group six companies have filed per capita rates regardless of female content and six companies have filed per capita rates graduated by percentage of females. All others have filed either percentage of payroll or monthly per \$10 a week rates. In

groups over 50 the rates filed are based on a percentage of taxable payroll or per \$10 a week benefit. Some have filed both methods. Others have filed per capita rates based on the average weekly or monthly taxable payroll of the policyholder or based on payroll groups. Mr. Schwartz translated the various methods into percentage of payroll based on the maximum of \$3,000 a year or \$60 a week and tabulated the rates at the lowest female content. The female content varied from none to 33 1/3%. The range was from .64% to .90% of payroll and the average rate was .735% of payroll.

No Discrimination

Companies are not allowed to file a statewide per capita rate for groups of over 50 lives since this would unfairly discriminate between groups of employers with high average payrolls as against smaller groups, he said. For groups of less than 50 lives the statewide per capita rate was accepted to simplify handling and keep the expense on those groups within reasonable limits. Companies are not allowed to file two rating plans that are substantially different for the same class of risks. For example, a company may not file both a per capita and a percentage of payroll rate for groups of under 50 lives.

Of the 74 companies that have filed a rate for groups exceeding 50 lives 53 fall within the .70% to .75% of taxable payroll bracket.

Benefits written in excess of statutory have generally included shorter waiting periods, higher than 50% of pay, higher limits, longer period, or 13 weeks for any one illness.

The rates filed are, in most cases, the group rating previously filed loaded by from .1 of 1% to .15 of 1% of taxable payroll, or by from 20 cents to 30 cents per person per month to provide for the sick unemployed.

Life Agent Held Employee in Negligence Action

California district court of appeal has found that an agent of Constitution Life was an employee, rather than an independent contractor, and that Constitution Life was liable for injuries caused by the agent, Frederick Law, in an automobile accident, the case being Lewis vs. Constitution Life, et al.

Lewis was leaning over the motor of his parked car attempting to locate a mechanical defect when his car was struck by Law's vehicle with nobody at the wheel, causing Lewis to sustain injuries.

Law had left his car parked at the curb on a hill while he was making a business call. The jury rendered a verdict against Constitution Life. The latter contended that Law was an independent contractor rather than an employee.

The court said that Law, at the request of the general agent, was returning a first premium and picking up a receipt. A contract entered into between Law and Constitution Life professed to fix Law's status as that of an independent contractor. However, there was evidence that Constitution could terminate the relationship, that instructions in the form of a sales manual and letters had been issued to the solicitors and that the company had control of Law's activities. Hence the issue of whether Law was an employee or an independent contractor was properly presented to the jury for determination.

Assigned Risk Plan Meets

Oregon automobile assigned risk plan held its annual meeting at Portland. J. L. Parkinson, Employers Mutual Liability, was elected chairman of the governing committee, succeeding E. J. DeVoe, General Casualty. Other committee members are Norman Knowlton, Hartford Accident; Tom Orr, United Pacific; Myron E. Smith, State Farm Mutual, and J. M. Smith, Farmers Exchange.

Actuaries' Group Holds Fine Session

The spring conference of Casualty Actuarial Society at Stockbridge, Mass., was one of the liveliest it has held. More than 100 attended.

Max Schwartz of the New York department led off a discussion of rates and plans on New York disability benefits which stimulated a good deal of floor discussion. Russell Hooker of the Connecticut department presented an excellent account of the changes reflected in the new combined fire and casualty statement. He is a member of the National Assn. of Insurance Commissioners blanks committee.

There was a good discussion of liability excess limits loss trends, which appear to be up sharply on automobile bodily injury and general liability property damage. Actuaries also brought out the possibility of workmen's compensation losses beyond the third reporting, where w.c. laws are liberal and there are long term cases. Previously the third reporting, covering three years' experience of one annual policy, was considered as giving a picture of the ultimate loss; now w.c. rating bureaus are not so sure and at least one, Compensation Insurance Rating Board of New York, has called for a fourth and fifth reporting.

Current progress in study of expense by size of risk in casualty was briefly discussed.

At the dinner Frederic L. Simmons, economist of Guaranty Trust Co. of New York, presented a general talk in his field. Thomas O. Carlson, actuary of National Bureau of Casualty Underwriters, closed the banquet with a poem on "Crime Does Not Pay."

Arthur L. Bailey, actuary New York department, presented a fine paper on credibility which will be discussed at the fall meeting.

President H. T. Barber, associate actuary of Travelers, presided.

WANT ADS

REGIONAL SALES MANAGER WANTED

Well-established mutual insurance organization has opening for Regional Sales Manager to supervise and direct District Managers in Wisconsin and Michigan. Multiple line operation with agents writing life, automobile and residence fire. Successful life insurance background and personnel management ability necessary. Compensation on salary and expense basis. Salary open.

Write A-21, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill., stating full particulars of background, experience, and personal data. Replies strictly confidential.

WANTED

Insurance Analyst. Established territory of well known organization. Good knowledge of property and casualty insurance forms, rules and practices essential. Permanent with excellent earnings. State age, education, insurance experience and references. Address Z-85, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

EXCEPTIONAL OPPORTUNITY

Middlewest company operating nation-wide expanding group operations. Have openings for regional group manager, supervisors and sales personnel. Also Home Office assistant with actuarial or rate making background. Write in detail. Replies confidential. Address A-18, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

FARM CASUALTY UNDERWRITER

Leading automobile insurance company has opening in Chicago office for farm casualty underwriter with extensive experience in writing farm casualty business. Company has excellent employee benefits. Write giving complete educational background and experience to The National Underwriter, Box A-23, 175 W. Jackson Blvd., Chicago 4, Illinois.



YORKSHIRE RINGS TRUE!

Throughout the world insurance representatives take pride in this name. So, too, in this country a loyal staff and agency force carry on together confident that their interests are as one. Such confidence and mutual respect is even more important than the fact that the Yorkshire Insurance Company has been doing business since 1824.

Will Wrightman
FIELD CORRESPONDENT

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Law Suits Outstanding Related to 3-Year Liability Record

The ratio of suits outstanding to earned liability premiums, including automobile, for companies licensed in Illinois is shown in the following exhibit. The figures are taken from the annual statements covering 1949 operations.

Personal injury liability premiums earned during the three-year period 1947-1949 inclusive are shown in column 1. Column 2 shows the number of suits outstanding at Dec. 31, 1949, in connection with policies for which the premium was earned during that period and column 3 gives the number of such suits per \$100,000 of earned premiums.

	Col. 1	Col. 2	Col. 3
Accident & Casualty.. 7,493,373	995	12.1	
Aer-Auto Exchange.. 231,904	58	2.5	
Aetna Casualty.. 81,790,093	5,128	6.2	
Allied Mut. Cas.. 3,082,884	54	1.8	
Allstate.. 38,314,823	2,159	5.6	
Amer. Automobile.. 45,802,425	2,137	4.7	
Amer. Agricultural.. 304,686	34	11.1	
Amer. Casualty.. 10,429,091	690	6.6	
Amer. Employers.. 15,385,354	1,063	6.9	
Amer. Fid. & Cas.. 24,009,812	2,800	11.7	
Amer. Guarantee.. 3,136,142	274	8.6	
Amer. Indemnity.. 2,691,691	154	5.7	
Amer. Motorists.. 16,335,291	1,259	7.6	
Amer. Mut. Liab.. 26,004,970	2,548	9.8	
Amer. Policyholders.. 1,880,084	377	20.0	
Amer. States.. 2,234,377	84	3.8	
Amer. Surety.. 5,874,509	243	4.1	
Anchor Casualty.. 557,452	84	15.1	
Arex Indemnity.. 2,983,723	233	7.8	
Assoc. Indemnity.. 434,189	17	3.9	
Atlantic.. 2,878,114	91	3.2	
Auto. Club of Mo.. 7,954,887	224	2.8	
Auto Owners.. 13,775,345	1,182	8.6	
Bankers Indemnity.. 4,818,462	257	5.4	
Bituminous Casualty.. 6,764,770	234	3.5	
Buckeye Union Cas.. 4,770,753	334	7.0	
Car & General.. 162,320	10	6.2	
Casualty Mutual.. 136,714	28	2.0	
Casualty Indemnity.. 4,282,361	324	7.6	
Casualty Recip. Ex.. 290,440	7	2.4	
Central National.. 13,214,053	716	5.4	
Century Indemnity.. 25,065,215	2,775	11.0	
Chicago Ice Producers.. 144,242	28	19.4	
Chicago Motor Club.. 5,948,059	1,427	24.0	
Citizens Casualty.. 4,728,816	384	8.1	
Columbia Casualty.. 5,920,553	474	8.0	
Commercial Casualty.. 22,471,369	2,434	15.3	
Commercial Standard.. 3,244,804	117	3.6	
Connecticut Indem.. 5,672,714	594	10.5	
Consolidated Unda.. 2,995,554	210	7.0	
Continental Casualty.. 34,504,704	2,759	8.0	
Cook City Frms. Mut.. 85,596	20	22.6	
Country Mutual Cas.. 4,788,066	251	5.2	
Eagle Indemnity.. 5,355,295	492	9.2	
Economy Auto.. 1,453,850	49	3.4	
Electric Mut. Lab.. 602,545	37	6.1	
Emeco Casualty.. 1,885,917	41	2.2	
Employers Casualty.. 6,472,546	197	3.0	
Employers Liability.. 36,306,907	3,056	8.4	
Employers Mut. Cas.. 9,497,520	235	2.5	
Employers Mut. Liab.. 23,887,372	1,648	6.9	
Equity Mutual.. 1,214,314	67	5.5	
Exchange Assn.. 127,415	18	14.1	
Factory Mut. Lab.. 8,275,674	1,108	13.4	
Farmers Auto Assn.. 1,227,862	34	2.1	
Fidelity & Casualty.. 60,095,864	5,647	9.4	
Fidelity Mutual.. 1,021,773	46	4.5	
Fireman's Fund Ind.. 28,090,254	2,410	8.6	
Freemont Motor Cas.. 1,980,450	88	4.4	
General Accident.. 40,020,895	3,445	8.6	
General Cas., Wash.. 19,359,950	682	3.5	
General Cas., Wis.. 5,998,642	188	3.1	
General Trans. Cas.. 8,167,093	1,587	19.4	
Glens Falls Indem.. 16,167,809	1,754	10.8	
Globe Indemnity.. 32,125,434	2,954	9.2	
Gov't Employees.. 4,094,404	202	4.9	
Great Amer. Indem.. 28,998,067	2,610	8.7	
Hardware Indemnity.. 4,878,287	277	5.7	
Hardware Mut. Cas.. 25,775,413	833	3.3	
Hartford Accident.. 106,635,225	7,815	7.3	
Hawkeye Casualty.. 2,810,564	174	6.2	
Highway Underwriters.. 1,729,429	93	5.4	
Home Indemnity.. 17,827,529	1,810	10.2	
Hoosier Casualty.. 1,378,866	58	4.2	
Ideal Mutual.. 1,246,250	152	12.2	
I.E.A. Mutual.. 113,398	5	4.4	
Illinois Natl. Cas.. 2,451,181	82	3.3	
Indem. of No. Amer.. 43,524,641	3,152	7.2	
Iowa Mutual Cas.. 1,838,407	30	1.6	
Iowa Mutual Liab.. 6,487,829	320	4.9	
La Salle Casualty.. 101,855	14	13.8	
Liberty Mutual.. 65,054,933	1,287	10.6	
London Guarantee.. 11,805,837	6,384	11.2	
London & Lancashire.. 8,188,616	844	10.3	
Lloyds.. 6,773,182	363	5.3	
Lumbermens Mut. Cas.. 81,767,095	4,206	6.9	
Madison County Mut.. 288,257	19	6.6	
Manhattan Casualty.. 624,555	23	3.7	
Manufacturers Cas.. 9,232,090	843	9.1	
Mfrs. & Merchants.. 1,908,429	164	8.6	
Maryland Casualty.. 46,121,106	2,931	14.7	
Mass. Bonding.. 28,058,732	4,115	14.7	
Medical Protective.. 2,639,229	257	9.7	
Metropolitan Indemnity.. 3,411,965	382	11.2	
Michigan Mut. Lab.. 24,505,889	4,088	16.7	
Michigan Surety.. 8,886,926	350	4.3	
Mid-States.. 325,033	107	19.8	
Motor Vehicle Cas.. 3,122,922	74	3.5	
National Auto. & Cas.. 5,436,092	246	4.5	
National Casualty.. 2,116,411	217	10.3	
National Grange Mut.. 7,810,355	316	4.0	
National Indemnity.. 748,077	48	6.4	
National Underwriters.. 63,538	5	7.9	
National Surety.. 4,680,522	280	6.0	

	Col. 1	Col. 2	Col. 3
New Amsterdam Cas.. 33,826,337	4,800	14.2	
New York Casualty.. 8,818,759	1,421	16.1	
Northwest Casualty.. 5,802,041	259	4.5	
N.W. Natl. Cas.. 4,186,090	191	4.6	
Norwich Union Ind.. 1,464,439	79	5.4	
Ocean Accident.. 10,683,366	887	8.3	
Ohio Casualty.. 21,399,268	615	2.9	
Ohio Farmers Ind.. 5,730,817	169	2.9	
Pacific Employers.. 7,678,897	320	4.2	
Peerless Casualty.. 4,317,938	35	8.1	
Phoenix Indemnity.. 9,187,650	906	9.0	
Prairie State Farmers.. 159,279	8	5.0	
Preferred Accident.. 13,736,914	1,335	9.7	
Preferred, Mich.. 791,031	17	2.1	
Progress Assn.. 694,183	51	7.3	
Prudence Mut. Cas.. 61,149	8	4.9	
Royal Indemnity.. 29,429,756	2,708	9.2	
St. Paul-Mercury Ind.. 27,925,027	1,940	6.9	
Seaboard Surety.. 701,771	21	3.0	
Secured Casualty.. 248,842	5	2.0	
Security Mut. Cas.. 1,592,988	56	3.5	
Shelby Mut. Cas.. 5,797,155	392	6.8	
Standard Accident.. 31,193,384	2,349	7.5	
Standard Mut. Cas.. 398,990	38	9.5	
State Auto, Ia.. 3,469,341	44	1.3	
State Auto, Ind.. 4,810,617	293	6.1	
State Farm Auto.. 67,973,277	1,554	2.3	
Sun Indemnity.. 6,293,830	921	14.7	
Suburban Cas.. 885,511	32	3.6	
Transit Casualty.. 12,421,733	1,146	9.2	
Travelers Indemnity.. 18,326,690	972	5.3	
Trinity Universal.. 5,529,034	189	3.4	

	Col. 1	Col. 2	Col. 3
Truck Exchange.. 7,820,448	302	3.9	
Union Auto. Indem.. 1,574,589	61	3.9	
United Natl. Ind.. 5,738,075	383	6.6	
United Pacific.. 6,521,813	259	3.9	
U. S. Casualty.. 17,994,868	2,667	14.8	
U. S. F. & G.. 82,165,335	4,074	4.9	
U. S. Guarantee.. 8,079,899	417	5.2	
Universal Indemnity.. 605,523	111	18.3	
Utica Mutual.. 15,517,209	1,086	7.0	
Virginia Surety.. 2,162,092	117	5.4	
Western Casualty.. 10,795,573	650	6.0	
Western States Mut.. 3,130,076	35	6.1	
Wolverine.. 4,113,819	516	12.5	
Yorkshire Indemnity.. 30,987,338	3,282	10.6	

This carries an annual stipend of \$1,500 and is one of a number of similar awards which are made possible through a grant from Assn. of Casualty & Surety Companies.

Mr. Paine was engaged in safety engineering work for Aetna 32 years. He died in 1947. The holder of the fellowship bearing Mr. Paine's name will be expected to carry on graduate studies in research in industrial and vocational safety.

R. E. Moore With U. S. F. & G.

Robert E. Moore, son of E. C. Moore of Harris, Burns & Co., president of Wichita Assn. of Insurance Agents, who recently obtained his law degree from the University of Colorado, has joined U. S. F. & G. as a judicial bond examiner. Following several weeks at the home office, he expects to be assigned to one of the branch offices in the middle west.

Paine Memorial Award

A memorial fellowship has been established at New York University for Walter S. Paine, for many years manager of the engineering and inspection department of Aetna Life companies.

State Auto, Ia., to Build

State Automobile of Des Moines has purchased a site for a new \$500,000 home office building. It will be three stories and will include a cafeteria and air conditioning plant. Construction will begin about July 1.

Tex. Hearing July 12

AUSTIN—The annual omnibus hearing of the fire insurance division of the Texas board of insurance commissioners will be held here July 12.

Hearthstone of Boston has been licensed in California. This is the old Boston Casualty that was purchased by interests identified with Combined of Chicago.



ONE OF 142 Quality Checks

High-quality safety glass must be made of high-quality glass and plastic. We're constantly checking quality at every stage in the manufacture of L-O-F Hi-Test Safety Plate Glass.

Our Check No. 87 is a good example. Here the glass on the conveyor leaving the washing and drying machines is inspected under special lighting before moving on to the assembly room. Out goes any glass that is not up to standard.

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3. Better strength for safety
4. Better adhesion, glass to plastic

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WHAT YOU PAY FOR



There are two grades of Safety Glass—one made of polished plate glass, the other of sheet or ordinary window glass. Claim agents who are on their toes, when honoring broken glass claims, always specify Safety Plate Glass and look for the L-O-F identifying stencil on each light supplied. That assures the policyholder and your company of getting full value.

Ill. Independent Bureau Elects

C. L. Morris of Illinois National Casualty was reelected president of Illinois Bureau of Casualty Insurers at the annual meeting at Springfield. The day following the business meeting there

was held the traditional country club party at which about 25 members of the Illinois insurance department were entertained. Mr. Morris presided at the banquet on that occasion.

The new vice-president is E. J. Thau of Motor Vehicle Casualty; second vice-president, Karl Buehler of Beacon Mutual Indemnity; secretary, Fred Miller, Hawkeye Casualty; treasurer, A. F. Koring, Suburban Casualty.

The directors are C. M. Fish, Freeport Motor Casualty, Stanley Russell, Reserve of Chicago, Ben Forbes, American States, E. L. Brandt, Auto Owners, C. W. Bishop, Ohio Farmers Indemnity, J. E. Faust, State Auto of Indiana, C. W. Neyhart, Economy of Freeport, L. A. Trunck, Western States Mutual and Neil C. Russell, Chicago Motor Club.

The manager is S. Alexander Bell and the actuary is Robert J. Icks.

Mr. Bell in his report said the bureau's prestige was enhanced by the publicity it received when it took the lead in automobile physical damage rate reductions last September, "at a time when other bureaus were talking about rate increases." Also he said the bureau gained in stature by taking the lead in establishing selective rating collision. Both of these moves were based on solid statistical facts rather than on competitive necessity. Since then, he declared, National Automobile Underwriters Assn., which previously set the pace, has found it expedient to follow.

"When recently the National Bureau of Casualty Underwriters adopted a new classification system which very substantially raised the rate on youthful drivers, this bureau felt strong enough not to fall in line as in the years past, but merely eliminated the A-2 classification which it originally opposed as having little merit and deferred any further action until some solid factual data is available," he said.

The total direct writings of the 34 member and subscriber companies in Illinois last year was \$29,566,597, an increase of 15%.

Leslie Champions Territorial Rate Making Process

William Leslie, general manager of National Bureau of Casualty Underwriters, wrote to the New York Journal of Commerce in answer to a critic of the existing territorial rating procedures for automobile liability insurance, who advocates flat, statewide rates.

"The criticism is founded upon a misconception of the territorial rate making process and the conclusion, if followed, would not only be inequitable but would violate the statutory prohibition against unfair discrimination in rates," Mr. Leslie asserted.

"The territorial loss experience, upon which automobile liability rates are based, is the experience produced by insured cars garaged in the territory, irrespective of where the accidents caused by such cars may have occurred. The territorial experience does not include losses resulting from accidents caused by cars entering the territory from outside areas.

City and Country Differ

"Over a long period of years statistics have been developed on this basis which demonstrate consistently that the residents of congested areas develop loss costs substantially in excess of those developed by their country cousins. The statistics and procedures underlying the calculation of the rate schedule recently promulgated in New York state are not antiquated, but rather are just as modern as the road systems. They reveal that while motorists domiciled in the New York city territory incurred bodily injury liability losses in 1946-48 which amounted to \$53.52 per car, the motorists resident in a large group of rural territories incurred losses for the same period amounting only to \$14.43 per car. The promulgated rates reflect this approximate three-to-one ratio in the loss experience. In no territory in the state outside of New York city do the losses per insured car even approach the losses per car developed by car owners residing in Manhattan, Brooklyn and the Bronx.

It is not difficult to predict the righteous indignation of the car owners in the rural areas if they were to be called

upon to pay a very considerably increased charge for their insurance in order to take care of the losses developed by urban dwellers, in the face of the fact that the rural car owners' losses per car have been demonstrated over a long period of years to be very substantially lower.

Effect on Safety Work

"Further, the influence of possible reductions in liability insurance rates upon safety work and accident prevention measures will be minimized if a particular territory which heretofore has virtually determined its own rates by reason of the consistency and sufficiency of its experience is required in the future to share substantially the burden of other less enterprising communities through a flat statewide rate.

"The proven differences in loss costs by territory are so great that a differentiation is clearly justified. It is known that the congested areas produce a greater accident frequency than the less congested areas. To the extent that rural and suburban drivers travel through the larger cities and city drivers travel in outside areas, these differences are modified. Such interchange of travel is actually reflected in the reported data, because the cost of the accident is charged back to the residence of the insured, not to the locality where the accident occurred. The claim frequencies would be even greater in the congested areas as compared with the rural areas if accidents were charged to the locality where they occur. To the extent that the modern system of roads leads to wide travel of cars today, the effect upon territorial experience is duly reflected in the determination of the rate schedule under current procedures. Indulging in an unrealistic cost-leveling process by the establishment of a statewide rate would constitute a sharp inequity as respects car-owners in territories having a comparatively favorable loss experience, and could not be justified by any of the known facts in the situation."

New Government Employee Bonding Bill Planned

WASHINGTON—The Karsten subcommittee is recommending to the House expenditures committee a new bill to be introduced by Rep. Karsten providing for surety bonding of government employees, with government paying premiums. The new bill will contain clarifying amendments to H.R. 8528, the last previous measure introduced by Karsten on the subject.

The full committee is scheduled to meet probably June 7 on the measure, upon which Karsten expects favorable action. He says both bodies want a continuing study of government employees' bonding, with a view to checking on operation and results of the proposed new system, and its possible improvement.

Government Employees gave a reception to over 1,800 friends in its new quarters, followed by a celebration in the evening for families of officers and employees. President Leo Goodman and Mrs. Goodman received the guests.

The new building was purchased last summer for \$525,000 and remodeled at cost of \$225,000. It contains 48,000 feet of working space and is air conditioned.

Government Employees, organized at Ft. Worth in 1934, transferred to Washington two years later.

Thatcher M. Brown, Jr., a partner of the firm of G. H. Walker & Co., New York, has been elected a director of Manhattan F. & M.

Nashville Insurance Women have elected Mrs. Anne Mae Haley, president; Mrs. Lucille Nichols, vice-president; Mrs. Nora Morris and Miss Clara Conyer, secretaries, and Mrs. Rebecca Lunn, treasurer. Miss Ethel Holman, Tennessee Inspection Bureau, spoke on "The Installation Premium Endorsement." Mrs. Haley and Miss Holman were elected delegates to the national meeting at Boston in June.

SALES IDEA OF THE MONTH



LET'S EXPLODE AN IDEA!

Many people have the idea that an extended coverage fire policy covers damage caused by the explosion of steam boilers or steam piping. It doesn't.

Why not make this clear to those of your clients who have a steam boiler exposure—and sell them a boiler policy while renewing their fire policies.

Of course, the owner or operator of a high pressure boiler realizes the value of boiler insurance—but the explosion frequency of low pressure boilers is even greater.

Ask a Zurich-American field man for some of the "boiler insurance reminder" stickers that you can attach to fire policies. Ask him, too, about other effective ideas that will help you build your sales.



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NEW U.S.F.&G. STUDY

Booklet Contrasts
1,001 Embezzlements
of 1937 and 1949

Sharp contrasts between pre war and post war embezzling in America are shown in a study titled "Embezzlers—Post War," just released by U.S.F.&G. Embezzlers and embezzling are still an unsolved basic problem, according to the analysis of 1,001 cases of post war dishonesty from the company's files.

In the study, comparison is made with a study of 13 years ago. The earlier study was called "1,001 Embezzlers" and was the first of its kind ever made public. "Embezzlers—Post War" deals with bonded men and women employees who stole from their employers a total of \$3,684,641. The employers were paid \$2,066,245 under their fidelity bonds, the insured loss being \$1,618,395. The average stolen by the 845 men was \$4,194 and by the 156 women \$900.

The study notes that the average age of the post war embezzlers was younger; there were more women; there were fewer married people, but more divorced; and the average period of employment was shorter than before world war 2. Among the post war embezzlers there were more who were criminally inclined, morally irresponsible, or mentally deficient; more embezzlers absconded in the period following the war; and there were no women among the nine who committed suicide after detection.

The study deals with men and women who were employed in positions ranging from charwomen to executives. The concerns for which they worked were domiciled in every section of the U. S. and Canada. These organizations were business concerns, banks, fraternal societies, labor unions, state, local and federal governments, and the armed forces. In age the embezzlers studied ranged from 15 to 75 years.

Reasons for Stealings

Gambling, drink, and extravagant living caused a greater number of these employed people to go wrong than was the case in prewar days; on a percentage basis five times as many had "domestic trouble" as the prime cause; stock market speculation on the other hand, was an insignificant cause; likewise, accumulated debts played a smaller role as a cause for these latter day embezzlers betraying their trusts.

Of the post war embezzlers some stole to get money to start anew elsewhere. Surprisingly enough, there were among these more women than men. A number of ex-service men embezzlers traced their trouble to war experiences. Some of these who were unable to adjust themselves to civilian life "borrowed" from their employers, and then rejoined the armed forces and made restitution.

There were men and women who stole from their employers to finance weddings and honeymoons. Divorce played a part, too. In some cases daughters who parted from their husbands returned to their fathers for support. The added burden proved to be more than parental incomes could carry. Somewhat unusual reasons given for stealing included the following: to pay alimony; to finance political candidacies; to spend on a hobby; to pay for motor car accidents; "mother-in-law trouble"; "another woman."

The study carries a number of charts and tabulations, as well as histories of typical cases.

The new survey confirms earlier findings at essential points. For instance, it was again found that women often stole for the benefit of others — for family living expenses, to aid sick or unemployed husbands, ailing children and parents, or for the benefit of men with whom they were infatuated.

Again in "Embezzlers—Post War" a universal truth about embezzling was

demonstrated — embezzled money is money quickly spent. In few cases did these post war embezzlers have much of the stolen money left when caught.

Despite the sharp contrasts noted, basic conclusions of earlier studies are held to be valid, and it is reaffirmed that, in the main, it is the old and trusted employees who are the embezzlers—considered from the time their speculations begin.

The majority had clean records in previous employment, lived among and worked with honest people, followed habits of normal living. They married and supported their families by honest work, which clearly differentiates them from the typical criminal.

The latest study again discloses the typical situations. The first is where an emergency creates an urgent need for the money. This, plus the opportunity to embezzle, proves irresistible. Another is based on debts which, through misfortune, carelessness, or gambling, are permitted to accumulate. A third situation is created by the more ambitious who think they see an opportunity to make money by starting a business of their own—using their employer's money as capital. Still another is that in which the employee falls into the habit of living beyond his means,

or acquires tastes which his salary does not permit. High wartime earnings was a factor in some cases. When earnings fell off at war's end some of these people could not bring themselves to make the necessary reduction in their level of spending.

Contrasts Caused By Changed Times

The contrasts found between embezzling in prewar and post war times are accounted for, partly, by the conditions of the two periods. The prewar, depression period, it is pointed out, was a time of mass unemployment, when employees were picked and supervised. It was a time when employees did not take their jobs lightly. However, in the recent post war years business was booming, profits were high and there was a little penalty for lax management. With money being freely spent, temptations abounded, and the average employee believed there was another, and perhaps better job, to be had around the corner. Employers found employees hard to get, and as a result were putting to work almost anyone who appeared. Hence, it is contended, it was easy for those who were looking for a chance to make a "fast dollar" to locate themselves in a likely job in office or factory.

The study maintains that, given the same conditions which obtained in prewar days, most of the contrasts in embezzling and embezzlers would not have been found in the post war period.

Special Train Possible

The committee reports that 85 have already booked accommodations on the train leaving Chicago Sunday morning, June 11, for the N.A.I.C. meeting at Quebec. If an additional 35 contact H. F. Swanson, 919 North Michigan avenue, Chicago, for accommodation the railroad will run a special train which will reach Quebec Monday morning several hours earlier than the regular train.

Hold Joint Golf Tourney

Casualty Insurance Assn. of Washington and Seattle Surety Assn. held their annual joint golf tournament and party May 26. Earl D. Bourland, with a 79, captured low gross honors and Stanley Holbrook, John A. Whalley & Co., scored a 67 for the low net.

C. J. Skelton, secretary of Republic National, has been elected chairman of the Oak Cliff Y. M. C. A.

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What Interests Buyers in Field of Crime Coverages

(CONTINUED FROM PAGE 16)

be wise to find out what happens to them. One large surety, he said, took his company's applications and filed them away. That was all.

Will a company issue a bond on anyone who has a criminal record? Mr. White thought this depended entirely on the individual underwriter. Surety companies are bonding some who have been in jail. He said he would take such applications if the person was not of a criminal type and if the subsequent record clearly showed this to be so.

When applications are taken from office boys, typists and other similar personnel, does the insurer investigate all of them? Mr. White said insurers like applications from this type of employee and also certain manufacturing personnel. It then does some investigating, though cost makes it impossible to inquire as closely as on some other types of personnel. In general, the size of loss such personnel can cause is small. Even though the investigation is not thorough, the bonding process screens out a lot of bad ones and has a sobering effect on the others.

If an employee moves up in the scale of jobs, some sureties require a new application.

Charles G. Roth, in charge of the surety claims division of National Surety, said that all employees are investigated when they are first bonded, but as time goes on the employer is in the best position to know if another investigation is needed and should indicate so. Some insured do ask for spot checking. He suggested insured use the short form application on employees that have been with a firm for some years. Mr. Pennartz added he thought any firm concerned about a particular individual should get an outside check.

DEDUCTIBLE

What about the offering of deductibles in fidelity and other crime insurance? Buyers are much interested in this, Edward M. Wegman, insurance manager of Armstrong Cork Co., said.

Mr. White said he thought any underwriter would be willing to quote an insured on the basis of a deductible.

Mr. Sheldon said this is one the most frequent demands from large buyers.

Mr. Fields objected. It would eliminate frequent contact between customer and insurer, the kind of contact that builds mutual confidence and trust.

Without these dealings on small losses, insurer and insured do not have the opportunity to build up character with each other.

How about prosecuting dishonest employees in foreign countries? To this question, Mr. Fields replied that to do so is difficult, particularly in Mexico and South America. Apparently in those countries it is poetic license to steal from Americans. He recommended extreme caution in prosecuting abroad, especially in those territories. Only in rare cases will it be safe to do so, and it is very easy to end up with a slander suit. The buyer should not let his insurance company induce him to prosecute, simply on the strength of possible salvage it can recover.

Why can't there be written at a lower premium a superior risk group in fidelity, possibly with quarterly audits? Mr. Drake said that the larger risks negotiate their coverages, and insured now can buy from that company which gives most for the least. In buying this kind of protection, insured with a loss free record gets a low rate anyway.

Mr. White said some companies allow substantial discounts for following certain audit procedures.

Inventory Shortages

Mr. Wegman indicated he is having difficulty getting theft insurance on merchandise. He wanted to know what considerations the underwriter applied to the writing of the line.

Mr. White suggested Mr. Wegman must be thinking of inventory shortages, many of which are bookkeeping errors. Thefts usually are by employees, and this constitutes a fidelity problem. Certain risks like department stores have a fairly heavy normal inventory loss. This can't be satisfactorily insured because it costs too much money. But insurers can write it with a sizable deductible, from \$100 up—and he had seen it as high as \$5,000. With a good size deductible, the insurance company then pays the real insurance losses.

Investigation of such shortages show that many things get into the loss, Mr. Sullivan commented. There are 49 reasons for inventory losses, including shrinkage, shoplifting, bookkeeping errors, etc. Most businesses know the normal percentage, and can insure with that deducted.

In handling inventory losses under open stock burglary coverage, it is up to the insurance manager to show in-

surer that this loss is covered, that it is not normal inventory shortage, Mr. Fields said. He has yet to see a case that could not be settled amicably in this way, if there is fair dealing on both sides, and insured is sure of his facts. He cited a loss in a West Virginia department store of \$53,000, an inventory loss, where the normal shortage is figured at \$3,000.

Mr. Sullivan said inventory shortage losses do present difficulties and the big need is for well founded facts. The loss may involve an employee and therefore come under fidelity, or it could even be a burglary.

Mr. Pennartz hastened to praise insurers for the way they handle and settle inventory shortage losses. His own company's experience in this respect has been very good.

The normal fidelity loss can be readily investigated, but there are certain kinds of losses, especially those involving collusion, and possibly kickbacks and conspiracies, that require a considerable expense to investigate. Can this expense be covered?

Mr. White said that so far as he knew his was the only company that provides coverage for this feature at an additional premium. But, he said, since it was put on the market, only two companies have bought it, countrywide. He implied it was doubtful if a surety would be interested in writing it with that little demand.

Defines "Inventory Loss"

Mr. Fields was asked to define an inventory loss. It is for insurance purposes, he said, the difference between the physical count and book control, less normal inventory losses.

In answer to another question, Mr. Roth said that statutory definition of forgery differs from state to state, and the cover similarly differs. Most forgery bonds will cover the liability where forgery occurs, even though the forgery does not meet the definition in the statute.

Mr. Wegman suggested this leaves insured up in the air as to coverage and that coverage is consequently not likely to be consistent over the 48 states. Can't insured and surety agree that the coverage is uniform countrywide? Mr. Roth said he saw no reason why this could not be done by negotiation. Forgery policies generally more broadly define forgery than the laws in the various jurisdictions, he added. The bond states that

the forgery is covered, as defined in the policy, whether it is so defined statutorily or not.

Mr. Fields said that the statutes of limitations on forgery actions have been materially decreased in recent years. For example, New York, which used to be six years, is now two; New Jersey is now one, and Pennsylvania is six months. But the statutes have grown more restrictive in their definition of forgery. On the shirt company loss, the banks have been sued for recovery. In this case, the banks rely upon the company writing their own bonds to guide them.

Forgery losses of the last 10 years that involved more than \$25,000 show clearly that banks have not paid promptly and usually the claimant has to resort to litigation. For this reason, he suggested check forgery insurance is the cheapest insurance insured can buy. Certainly forgery insurance is much cheaper than lawyers fees.

Mr. White commented that Employers Mutual has just paid a loss in New York where he found that the insurance buyer had increased the amount of the bond from \$25,000 to \$100,000, three days before the forgeries began.

Paying Lost Instrument Cost

A residence burglary policy covers \$500 in negotiable securities. Here was an insured that lost \$10,000 in non-negotiables. A lost instrument bond cost \$400. Will the insurance company pay the premium?

"Why not," Mr. Roth commented. Most companies would pay the premium on such a bond and seek to get its money back from salvage.

Have there been any steps taken to develop a complete criminal loss policy, one buyer asked. Mr. White said he thought the companies had gone a long way in the 3D and the broad form money and securities policies. He has seen some contracts that are very broad. If buyers want a broad contract, they can get it, he said.

Mutual Companies Plan Methods Forum June 22

Conference of Mutual Casualty Companies will conduct a session at Chicago June 22-23 at the Stevens hotel covering accounting and statistical and office methods and procedures.

Henry W. Harvey, Farmers Mutual Automobile, is chairman of the accounting and statistical committee, and Edward B. Rust, State Farm Mutual, is chairman of the office methods and procedures committee.

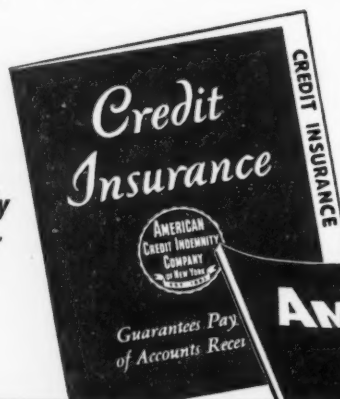
Speakers and their topics will be: A. L. Bauman, State Farm Mutual Auto, combined fire and casualty annual statement blanks; Dewey Dawson, Celina Mutual Casualty, allocation of general expense to lines of business; Earl Halverson, federal wage and hour commission, wage and hour regulations; Robert E. Noel, State Farm Mutual, production records and their use; Dr. Earl P. Strong, University of Illinois, records and management; R. M. Kelliher, Farmers Mutual, statistical reporting; Dr. Frank J. Holmes, Illinois Wesleyan University, testing insurance office personnel; R. F. Stockton, State Farm Mutual, preparation and use of budgets.

Correct Ia. Casualty Table

Figures shown in the exhibit of Iowa casualty premiums and losses for Employers Mutual Liability of Wisconsin were incorrect. The premium figures were actually the dividends paid. Employers Mutual Liability had total premiums in Iowa in 1949 of \$726,225 and losses of \$244,443, by lines the business being: Group A. & H., \$10,257 in premiums and \$8,165 in losses; auto liability, \$59,283 — \$10,441; other liability, \$52,554 — \$6,215; compensation, \$482,904 — \$184,447; fidelity, \$936 — 0; plate glass, \$1,808 — \$225; burglary, \$1,802 — \$39; auto P.D., \$39,094 — \$17,202; collision, \$47,245 — \$10,694; other P.D., \$30,338 — \$7,012.

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Crafts Delineates Multiple Rating Ideas

(CONTINUED FROM PAGE 1)

essential that the business deal promptly and effectively with the question of the means by which its premium charges can best be determined. For the multiple line underwriter there are real opportunities for improvement.

Mr. Crafts also dealt with use of charter powers and multiple line operations. The path of multiple line has its dangers, particularly for the small company whose right to survive should be foremost in the thinking of all insurance men.

Procrastination in meeting the demand for multiple line operations at the organizational level is the greatest deterrent to the constructive solution of many of today's problems, he declared. Insurance men must mold their thinking to multiple line operations. The business should start at the top level and reorganize activities and services of supervisory and rating bodies to eliminate duplication of effort and unnecessary expense. Hasty decisions should be avoided, but at the same time the assignment should be tackled with determination to modernize operations, retaining the important values of past experience.

Special Message to Buyers

He told buyers that the products or services they deliver to the public are the result of analyses by research men, technicians, engineers and experts. What businesses offer for sale is designed to meet the requirements of the average user of the product. A tailor made article is costly to producer and purchaser alike. These principles apply equally to the business of insurance, he said. There is no more flexibility in it because the product is a piece of paper on which a guarantee of future performance is written out. Consequently, when underwriters are slow in approv-

ing a change which appears to be a requirement of a particular business (frequently suggested by an enthusiastic agent or broker competitively) he advised buyers to give some credit to the desire of the business to do what it feels is best for the future welfare of all policyholders. The historical and actuarial foundation of the business should not be weakened.

An example of this is fire deductible. The large corporation finds it costly to insure small claims; it is expensive for an insurer to handle and process them. On the other hand, every holder of a fire policy could be interested in a deductible of some kind if there was an adequately reduced premium.

Who Would Pay?

How to provide for the legitimate needs of property owners on a non-discriminatory basis without emasculating the time honored approach to rating, requires thought. Property owners expect a reduction in premium costs for accepting a deductible but there is no reduction in expense of handling each transaction except those applying to a percentage of the premium. Who is going to absorb the increased expense?

The problem can be solved, but not on a competitive basis. Deductibles cannot be satisfactorily applied to all classes and to all risks. When greater use of charter powers has been suggested, special attention frequently is directed to a single enterprise or business. Too little attention is given to the needs and requirements of the people as a whole. He cited the experience of Fireman's Fund which started out to provide a companion contract to the personal property floater, to meet the needs of the small home owner. Other companies have been working on the problem. To date a

satisfactory answer has not been found.

Mr. Crafts made a strong plea for better understanding of the insurance business, its place in the economic future of the country and its importance to the private enterprise system. Recently some business leaders have suggested government take over pension obligations as an adjunct to social security. This may not seem offensive to manufacturers, but proposers must realize they are tampering with the foundations of an important business, insurance. It should be clear to every business man he cannot advocate government entering one type of business unless he is prepared to welcome government into his special field.

A surprising and distressing amount of support is given by business men to legislation designed to set up monopolistic state insurance funds. Part of this may be due to cost of protection, but the insurance business should sell its wares better so that buyers will realize there is an important principle involved which if applied to their own business they would bitterly oppose.

Make Friends with Labor

All business leaders must do a better public relations job with the workers of the country. Labor is suspicious of the workings of the insurance business and is turning to socialistic programs because insurance has not adequately told its story and record. When the issue of the state in the insurance business arises it is up to all business men to mobilize their forces to prevent any encroachment on the private enterprise system, he declared.

Business executives, especially insurance men, can provide leadership in recognizing needs of employees through sponsoring sound security and benefit programs. He pointed to Fireman's Fund's own program for employees as an example. This is not unnecessary paternalism—if business fails to provide that security employees want, it must

Employe Relations at Royal-Liverpool

(CONTINUED FROM PAGE 1)

field. Some colleges are becoming great recruiting grounds for the insurance business. At the present time the University of Wisconsin with its 400 in the freshman class beginning insurance studies was cited as an example.

Other Officials on Hand

Other officials who met the newspaper men at the press conference were H. Clay Johnson, A. C. Seymour, W. L. Falk, G. W. McCagg, J. F. O'Loughlin and Jack Munro, assistant United States managers and Edmund V. Schenke, advertising manager. Many of the details on answers to employment questions were filled in by Graham L. Russell, superintendent of personnel. Mr. Russell's division has initiated a special personnel conference series for middle management. He said that it was an essential part of Royal-Liverpool procedure to have what is called the middle management and supervisory management people given the authority and training as well as the information necessary to carry out their duties effectively.

One point disclosed by Mr. Conick was that while the company had worked a long time on the effort, it had not produced yet what might be called a standard guide for measuring the effectiveness of state and special agents. Sometime it is hoped that some kind of guide of this kind may be worked out.

expect them to turn to government for needed relief.

Perhaps the most important challenge which faces insurance is social welfare by the government. Accident and health underwriters have not assumed their

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proper role in solving the problems associated with this issue.

Individual policy sales, carrying high expense factors, obviously are not the answer. Group medical and hospital protection, associated with employment, is very helpful, as to one segment of the population. But when all of the activities sponsored by commercial insurers and by the medical profession are added together there still remain well over half the people without protection. They are those who will turn to the states or federal government for assistance unless those in the business find a satisfactory solution.

He said there is a crying need for the medical profession and insurance to join to provide opportunity for all the people to secure at reasonable cost adequate protection to cover hospital and medical expenses. Doctors of the country are rapidly coming to realize that in organizing and supporting non-profit medical and hospital plans they have been trapped in the same virus they seek to avoid in socialized medicine.

There is a strong need for understanding and unification of the business forces.

Nominations for six directors of the institute, who will be voted on at the June meeting, are Ward H. Cann, Squibb & Son; Peter Drake, W. T. Grant & Co.; H. E. Goodell, Western Electric; C. Stanley Hamilton, J. P. Stevens & Co.; William D. McGuinness, Flintkote, and Claude H. Rice, Babcock & Wilcox. George A. Mearns, Sunshine Biscuit Co., is nominated to fill out the unexpired term of C. A. Pearson, formerly with Continental Banking Co., who has resigned.

National Board Annual Gathering Is Held

(CONTINUED FROM PAGE 3)

ness, and telegraphic greetings were read from Louis Johnson, Secretary of Defense, whose association with the insurance business in the past has been a close one. W. E. Mallalieu, veteran manager of the Board, drew a rising tribute from the crowd and spoke briefly.

Broken homes, poverty, alcohol, and lack of education have been responsible for most of the arson committed during the past year, the committee on incendiaryism and arson stated in its report.

No recent evidence has been found

of organized arson rings nor of professional firebugs, the committee reported.

"Irresponsible and unbalanced persons" whose chaotic home conditions are likely to lead to crime of all sorts, cause most of the fires that are set for money or thrill, according to the report. When these facts are more generally recognized and proper treatment made available for such persons, these fires will decrease.

Last year, special investigators of the Board worked on 3,151 cases of fires of suspicious origin, an increase of 257 over the preceding year. These resulted in 41 more arrests, 37 more convictions and 4 fewer acquittals during 1949 than the year before. In 1949 there were 644 arrests, 433 convictions and 53 acquittals.

The committee took on a greater number of large jewel and fur theft investigations. Of the 2,400 reports of thefts of \$1,000 or more, investigations were begun in 350 cases. A sampling of 500 cases, three of which were about \$50,000, showed a suspiciously high rate of fur losses, suggesting that more of these losses are fraudulent than any others.

Heavy losses in Miami Beach prompted the committee to open a special office there. During the 1948 winter season there had been 30 thefts amounting to \$896,032. This season Miami police officials reported only 18 cases involving \$256,195.

Substantial progress in the improvement of municipal building laws was reported by the committee on construction, which announced it has helped prepare new building codes or revise outmoded ones for 232 cities and towns during 1949.

Golf Outing Sept. 22

The golf tournament and outing of Mariners of Chicago is Sept. 22 rather than Sept. 2 as was erroneously reported.

Roderick V. Hood of the Liscomb-Hood Co. agency has been elected president of Duluth Chamber of Commerce. At the age of 40 he is the youngest man ever to hold the presidency. He is also the first past president of Duluth Junior Chamber of Commerce to become head of the senior organization. He is a past president of Duluth Underwriters Assn.

May Up Collision for Young Driver

N.A.U.A. Readying Such a Plan, Priore Tells Annual Meeting

NEW YORK—National Automobile Underwriters Assn. has developed a classification basis for collision insurance on private passenger cars which recognizes the greater hazard of younger drivers, P. J. Priore, manager of Sun Office, said in his presidential report at the association's annual meeting. Mr. Priore was reelected.

The new classification plan has been adopted only after the most careful study of the implications, not only for automobile business but in developing what might be termed a substandard class and its possible reaction upon other segments of the property insurance field. The plan should improve the collision automobile underwriting history, he said.

Harmonization of Fire-Casualty

A committee of executives representing both fire and casualty companies is directing a study that is being conducted by representatives of the association and the National Bureau of Casualty Underwriters looking toward harmonization of manuals, rating and underwriting rules, territorial definitions, policy forms, etc., he said. Material progress has been made by the multiple line committee. Necessarily such a study represents a compromise of viewpoints between casualty and fire, but it is hoped by both rating organizations that reasonably soon the results of the study will be crystallized in coordinated procedures, territorial definitions, underwriting rules, etc. Even greater progress has been made on policy forms and endorsements. Many casualty and fire companies are issuing a single policy contract for automobile insurance which is the result of the combined efforts of the National Bureau and the association.

Replying to some criticism of N.A.U.A. that its statistical experience is not sufficiently up to date when used, Mr. Priore said that inasmuch as the association can present earned experience results at the end of any quarter up to the end of the quarter preceding, it is producing dependable experience figures as rapidly as any organization in the business. Some companies that have criticized N.A.U.A. for delaying information have themselves been guilty of considerable delinquency in furnishing their experience to the association. He urged prompt filing of statistical cards. The association is obliged to report to various insurance departments the individual names of delinquent companies, he said.

The association acts as a statistical agency in Louisiana, Texas, Virginia and North Carolina, is licensed as a direct rating bureau in all states except them and California with the exception of North Carolina.

About 85% of Total

Experience collected by the association represents about 85% of total volume of automobile physical damage premiums in the U. S. He said there have been and probably always will be insurers operating individually that materially restrict coverage and those to whom they offer it, thus perhaps being able to show lower loss ratios than those committed to the principle of broader protection to the greatest number of insured. These individual companies are largely dependent upon the experience and support of the broad basis of association companies and in most cases are dependent almost completely upon the association manual as to the norm from which to file their deviations even though they are not subscribers thereto. Were this associa-

tion background removed, their advantage would be largely removed.

The best yardstick for the future is the history of the past, but after all statistical aids have been used, there still is considerable field for judgment, he said. Under present regulation all insurers must safeguard that right of judgment and of management prerogatives guaranteed to them even under the strictest of statutory provisions.

In the last two or three years accident frequency has been below the normal of earlier years, but the average claim cost is much higher and continues to mount, undoubtedly due to higher cost of labor and repair parts. Even a slight increase in accident frequency, he warned, will react most unfavorably on underwriting results.

Springfield Opens Educational Dept. Under A. H. Clarke

Springfield F. & M., group has established an insurance educational department at the head office, with Special Agent Arthur H. Clarke, of Boston as director of education. Harold F. Storey has joined the group as special agent succeeding Mr. Clarke at Boston.

Classes will commence in September. Students will devote mornings to classes and afternoons to clerical work, rotating at specific intervals through all departments including casualty.

A special program of education is being set up to meet the requirements of Springfield F. & M. Members of the first class will be chosen from present employees in the head and departmental offices and from June, 1950, graduates of universities and colleges. Headquarters will be in the Federal Land Bank in space adjoining the offices of New England Casualty.

Mr. Clarke was with the Boston general agency of Hinckley & Woods for 14 years, mostly as underwriter. He was elected executive secretary of Massachusetts Assn. of Insurance Agents in 1940. A year later he organized the insurance course at the University of Massachusetts and the Massachusetts agent's discussion course, which had an annual enrollment of over 700.

He has been secretary-treasurer of the advisory board of New England Assn. of Insurance Agents and has conducted many lectures for Insurance Institute of America as well as a training program for applicants for agents' and brokers' licenses. He is the author of "Standard Answers," a compilation covering data on all forms of insurance.

Mr. Storey is a graduate of the University of Massachusetts and served in the coast guard during the war. For the past four years he has been special agent for the Royal and with the general agency of Field & Cowles.

Ill. Fire Underwriters to Meet at Urbana, June 7-8

The annual meeting of Illinois Fire Underwriters Assn. will be held at the Urbana-Lincoln hotel, Urbana, June 7-8.

Included among the speakers will be Frank C. McAuliffe of Chicago Fire Insurance Patrol and Robert I. Mehr of the University of Illinois. A public relations meeting will be held Wednesday morning and the banquet will take place that evening. The program also includes a golf tournament.

Illinois Fire Prevention Assn. will hold its annual meeting in connection with the underwriters association meeting.

Pennington Va. President

RICHMOND — Harold Pennington, assistant manager of Travelers, was elected president of Casualty & Surety Underwriters Assn. of Virginia at the annual meeting. He succeeds R. W. Relyea, Hartford Steam Boiler.



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Broker Gets to Keep Commission on Cancellation

There is no implication in the law that a broker is liable for return commissions on a fixed premium policy that is canceled by the insurer or the insured, the New York supreme court appellate division has held. The decision was given in a dispute between Western National and Haph Brokerage, Inc. The broker is entitled to retain his commission after the policy has been canceled, the court held.

The court said that the case of *Scottish Union vs. Geery, Guthrie & Co.*, 242 App. Div. 812 is directly in point and decisive of the issues but that case was decided without opinion. The court in the new case said that an informative opinion is advisable.

On Jan. 23, 1947, Haph Brokerage placed with Western National, two fixed premium transportation floater policies, the annual premium on one being \$3,625 and on the other \$50. The premiums were paid in advance and the broker received 15% commission.

Policies Soon Canceled

On April 8, 1947, the insured canceled the larger policy and shortly afterwards Western National canceled the smaller one. After protest, Western National refunded to the insured the full amount of the return premiums or \$2,321. The premiums actually absorbed were about \$590 in excess of the total pro rata charges for the same period. Western National claimed it was entitled to receive back from the broker commissions of \$348.27.

The court emphasized that it was concerned here only with a fixed premium policy, that is, one not subject to audit or dependent upon any future arrangement between the parties nor is there involved an action by the broker against an insured for loss of commissions because of cancellation nor a suit for unpaid commissions brought by a broker against an insurer.

The question is whether an insurance broker who receives his commission on policies providing for fixed premiums which have been paid to the insurer is obligated as a matter of law in the absence of any agreement to refund to the insurer an appropriate portion of his commissions in consequence of cancellations before maturity, where the broker does not contribute in any way to the cancellations.

The court said if the insurer desires to make the broker liable for return commissions, it may obtain such protection by agreement, but the law does not imply any such obligation to refund. This is certainly true in the absence of any general custom or practice and no such customer practice has been shown. Indeed, the record shows that in the first instance the insurer sought to charge the insured with the amount of commissions which it now claims the broker should return to it.

The court expressed the belief that the doctrine of unjust enrichment has no application here but it may be observed although that is not the basis of the decision, that the insurer seeks to recover from the broker the sum of \$348.27, whereas in consequence of the cancellations the insurer has received, because of the application of the short rate provision, approximately \$590 more than the pro rata share of such premiums.

Wis. Five Year Record

MADISON—Fire insurance companies in Wisconsin in 1949 had \$27,145,361 in earned premiums and had \$10,810,467 in losses, according to compilations of the insurance department. Net premiums written were \$29,292,501.

For the five-year period, 1945-1949, premiums collected totaled \$124,588,407, earned premiums \$109,747,897, and

losses paid were \$52,273,336. There was a return of 5.28%.

"The insurance companies," Commissioner Lange stated, "contend that the rates must contain a charge of 6% for conflagration reserve and profit. This rate charge has been adopted by National Assn. of Insurance Commissioners, and on this basis there was a deficiency of premiums amounting to .72%, or \$790,184 for the five-year period."

Conn. Agents Program Given

The midyear meeting of Connecticut Assn. of Insurance Agents at Greenwich June 5 will get under way with a panel on replacement costs following a brief business session. Moderator is vice-president Philip Bliss of Middletown. Panel members are J. T. Foreth, assistant treasurer of the Bassick Co., Bridgeport; Leo Bronson, independent adjuster, Bridgeport; Edward E. Bray, Bridgeport general contractor, and Kenneth L. McCallum general adjuster of Travelers. Following that there will be a talk on "Whose Business Is This?" by W. W. Hamilton, executive manager of Illinois Assn. of Insurance Agents and of Chicago Board.

Luncheon will be preceded by greetings from Commissioner Allyn, and followed by brief messages from Leonard F. Whelan, president of Greenwich board, and Wilbur M. Peck, mayor of Greenwich. The afternoon will be devoted to sports activities but a tentative forum has been scheduled depending on demand by F. Chandler Moffat, Westport, secretary-treasurer. Subjects are: Should commissions be divided one-half for the sale and one-half for the services of the agent; Should commissions be discussed in company-agent conferences; Should commissions be a subject of regulation or discussion by insurance commissioners; Should the association sponsor a non-occupational disability insurance law similar to that in New York state as an antidote to more social legislation; Are installment payments on term fire business illegal; Are they against an agents long range benefit; Should the problem be solved by a change in the term rule discount.

Georgia, Florida Mutual Parleys

Henry Woeltzen of Savannah was elected president of Georgia Assn. of Mutual Insurance Agents during the joint convention of that organization with the Florida mutual agents group and Florida 1752 Club at Savannah.

R. L. Finley of Miami was elected president of the Florida agents group and R. D. Branch of Lumbermens Mutual Casualty at Atlanta is the new president of Georgia 1752 Club.

Speakers included J. R. J. Shepherd, sales manager of an automobile dealer at Columbus, Ga.; Philip L. Baldwin, executive secretary of National Assn. of Mutual Insurance Agents; Joe Kinard of John Ratterree Co. of Greer, S. C.; E. A. Ulrich of Utica Mutual; E. M. Brown, Associated Mutuals at Atlanta; R. E. Hill of Chattanooga, vice-president National Assn. of Mutual Insurance Agents; Robert P. Travis, assistant secretary of Southeastern Underwriter Assn., who discussed the Louisiana form fire policy and Henry Hubbard of Lumbermens Mutual Casualty, who discussed group hospital insurance for members of the two agents associations.

E. C. Alford of Atlanta is now vice-president of the Georgia agents and Mrs. Lillian Thayer of Columbus is secretary.

Otis Baker of Tallahassee is vice-president of the Florida group and Evelyn Arnold of St. Petersburg, secretary.

Vice-president of the 1752 Club is George W. Smith of Northwestern Mutual Fire and secretary is J. C. Barnes of Central Manufacturers Mutual.

A.I.A. to Elect June 2

Assn. of Insurance Advertisers will hold its annual meeting in the offices of its counsel, Wendell Berge, at Washington, D. C., June 2. The program includes election of officers and directors and a discussion and analysis of the federal trade commission code.

EDWARD A. GORMLEY, manager of the Texas division of National Automobile Theft Bureau, died at Dallas. He had been with the bureau since 1922, when he was manager in Denver, and

since 1931 in Dallas. He was a pioneer in the investigation of total automobile fires and directed the production of a movie designed to show that autos do not burn totally without human assistance.

Robert J. Allen, chief traffic engineer of Assn. of Casualty & Surety Companies, will serve as director of a five-day course in traffic engineering for state and city personnel, to be held at New York University's Center for Safety Education June 5-9.

This is one of a series of advertisements appearing regularly in leading newspapers throughout the country.

Things every Insurance Buyer should know—No. 33



A "Top Management" Matter at Home, too!

A recent survey by the National Industrial Conference Board showed a marked trend toward making insurance protection a direct concern of top corporate management. There are good reasons—increasing industrial hazards; new laws affecting liabilities of employers; serious gaps between previous coverage and current plant values; spectacular disasters such as the S. S. Noronic and forgotten Texas City.

At home, too, insurance should be a vital top management matter.

Think for a moment of the cost of re-building your house today . . . of replacing your furniture, jewelry, clothes . . . of meeting your liability for personal injury on your premises to domestic employees or casual visitors. Not only for these situations, but for countless others, are you positive that your present insurance provides adequate protection?

Actually, how long has it been since you reviewed your insurance with your agent or broker? Remember, as top management, the responsibility is yours.

THE ATLANTIC COMPANIES

ATLANTIC MUTUAL INSURANCE COMPANY
CENTENNIAL INSURANCE COMPANY

Home Office: 49 Wall Street, New York

Baltimore • Boston • Chicago • Cincinnati • Cleveland • Dallas • Detroit
Grand Rapids • Houston • Los Angeles • Newark • New Haven • Oakland
Philadelphia • Pittsburgh • Portland • St. Louis • San Francisco • Seattle • Syracuse

Marine, Fire, Inland Transportation, Yacht, Property Floaters, Automobile and Casualty Insurance

INSURANCE NEWS BY SECTIONS

PACIFIC COAST AND MOUNTAIN

Fireman's Fund Has Three Pacific Coast Appointments

A number of Pacific Coast changes have been made by Fireman's Fund group. In the Oregon and southern Washington territory, Arvid E. Sutherland has been named state agent to succeed Henry E. Stanton, who has been assigned to the head office in San Francisco. George J. Campbell has been named state agent in charge of indemnity and automobile operations in Oregon. Blair White, field assistant, has been added to the New Mexico service office staff.

Mr. Sutherland attended Northwestern University. He entered the insurance field at Chicago in 1923 and joined Fireman's Fund in 1949 as a production engineer.

Mr. Campbell joined Fireman's Fund in 1946. In 1949 he was assigned as a special agent in Portland. He attended Stanford University and was in the army during the war.

Mr. White started in a local agency at Denver. In 1949 he joined Fireman's Fund as a casualty underwriter.

which will be voted on at the November general election.

President Elwell C. Case reported on association activities since the first of the year. Robinson C. Jenner, a member of the Washington association's fire contact committee, reviewed the agenda considered by the contact committee with the Washington advisory committee at their joint session at San Francisco.

Wash. Society Hears Strack

The University of Washington Insurance Society heard Phil A. Strack, Peoples National Bank of Washington, talk on "Financing Small Business" at a dinner meeting at Seattle.

Mr. Strack discussed the many ways in which both banks and insurance companies are working on the problem of making capital available for small businesses.

Sir Thomas G. L. Ashwell of London, managing director of Sedgwick & Collins Co., Lloyds brokerage firm, has been visiting the Pacific northwest.

MIDDLE WEST

Mutual Agents Organize Association in Nebraska

LINCOLN, NEB. — Mutual Agents Assn. of Nebraska was organized at a meeting here. T. C. Gregory of Alliance was elected president; Chris Rosenberg, North Platte, first vice-president; Francis Zimmerman, Battle Creek, second vice-president, and Dave Harnly, Lincoln, secretary.

Talks were made by Director Stone, Kenneth E. Anderson, Lincoln attorney, and Eugene S. Wilson, regional vice-president of the National association.

Holds 25-Year Rally

The Reitan-Lerdahl Agency at Madison, Wis., held its 25th anniversary meeting and dinner with Harold B. Shier, president, presiding. Speakers included Commissioner Lange, E. A. Gaumnitz, insurance professor at University of Wisconsin; C. R. McCotter, president Grain Dealers Mutual, and L. K. Sharp, vice-president Mill Owners Mutual. Albert Lerdahl, vice-president, and N. C. Lerdahl, secretary-treasurer, presided at afternoon sessions.

McColloch Heads New Assn.

Frank Z. McColloch of Piqua, O., has been elected president of the newly organized Miami County Assn. of Insurance Agents. George E. Woodfield, West Milton, is vice-president; William R. Francis, Troy, secretary. T. A. Makley, Dayton, trustee of the Ohio association, spoke at the meeting.

New Ill. Fire Marshal

Otto C. Dahl has been appointed Illinois state fire marshal succeeding Pat Kelly, who resigned for reasons of health. Mr. Dahl, who is 61 years of age, retired from the Chicago fire department last year after 35 years of service.

Push Milwaukee Rate Cut Plea

MILWAUKEE—Declaring that fire losses in Milwaukee in 1949 totaled \$1,209,333, or 20.84% of the \$5,802,090 paid by Milwaukee insured in premiums, Harry G. Slater, assistant city attorney, says this supports the city's contention that Milwaukee is entitled to lower fire

insurance rates. In February the city petitioned Commissioner Lange for a rate reduction on the basis of five-year figures, 1945-1949. A hearing was held by the commissioner but adjourned until June when final experience figures would be available. Western Actuarial Bureau and Wisconsin Fire Insurance Rating Bureau challenged the city's figures at that time.

Form Garden City Board

A new local board has been formed at Garden City, Kan., bringing the total number of local associations in Kansas to 22. Charles Schoonover, Jr., a past president of the Kansas association and active in fire prevention, was named president; G. E. Miller of Weldon-Miller, secretary, and J. R. Cleaver, vice-president. There are 13 charter members.

Honor Mattoon Agency Veteran

Some 40 field men and company representatives attended a luncheon and party at Mattoon, Ill., last week to honor Miss Nettie Cooper of the J. Logan Gover agency, who is retiring June 1 after 40 years in the agency business. She started with the Spitzer-Noble agency in 1910, the predecessor organization of Gover agency.

Jule M. Hannaford, Jr., resident vice-president of Marsh & McLennan at St. Paul, has been reelected treasurer of the diocese of Minnesota of the Episcopal church.

L. P. Foster, executive of Marsh & McLennan, Minneapolis, has been elected president of Northwest World Trade Club.

Following the death of Harry J. Lee at Fremont, O., his agency has been sold to C. B. and W. D. Johnson, doing business as Johnson Brothers.

Lafayette (Ind.) Assn. of Insurance Women has elected Mrs. Beulah Bone, president; Miss Irene McAdams, vice-president; Mrs. Norma Seifres and Mrs. Louise Guard, secretaries; Miss Joan Klinker, treasurer.

Mrs. Gertrude Gunderson was elected president of Sioux City Insurance Women's Assn. at the annual meeting to succeed Mrs. Marguerite Clatterbuck. Mrs. Sylvia Morten and Mrs. Adah Lathrop are vice-presidents; Miss Olive Jeffery, and Mrs. Elma Harvey, secretaries; Mrs. Marjorie Murray, treasurer, and Mrs. Elaine Masengille, editor.

Ada Eller of White-Preston Co. has been elected president of Minneapolis Assn. of Insurance Women. Mary Jane Tomlinson of Crum & Forster, is vice-president; Marie Peterson, Farmers & Mechanics Bank, treasurer; Gertrude Hove, Aetna Casualty, and Celia Garber, Wilkinson Home Finance Co., secretaries.

Insurance Women of Milwaukee will hold a mother-daughter banquet June 5.

EAST

Mass. Escott Plan Ban Stretched to September

The Massachusetts department has postponed the scheduled hearing on the Escott plan until Sept. 13, thereby preventing its use there at least until that time.

The hearing was scheduled following an appeal of America Fore and the Hartford group from the decision of New England Fire Insurance Rating Assn. approving the plan. Because of the appeal the plan can not be submitted to the department until after the September hearing.

Mass. School Is Set

Massachusetts Assn. of Insurance Agents has completed the program for its summer insurance school at University of Massachusetts at Amherst, June 19-21. The faculty consists of Richard E. Farrer, National Fire; Clarence R.

Rauter, N.A.I.A.; William N. Woodland, "The Standard"; C. Edwin Blais Travelers; H. V. Johnson, U.S.F. & G. Bromley DeMeritt, Hartford Steam Boiler; H. C. Doolittle, Aetna Fire; T. W. Keany, American, and Howard T. Jensen, local agent of Springfield, Mass.

Hart & Hall Agency Marks 65th Year With Pa. Fire

Hart & Hall, Bryn Mawr, Pa., one of the earliest agency appointments of Pennsylvania Fire in that territory, on May 22, marked its 65th year of representation of that company.

In honor of the occasion, Carl L. Brandt, secretary of the Philadelphia department, was host to Jesse Hall, head of the agency; C. Walton Hale, his associate; Ruth Farrow, secretary, and members of the staff at an informal dinner. Others present were W. L. Rhoads and W. J. Traynor, assistant secretaries, and John S. Mathews, state agent.

Mr. Hall was presented with an electric clock by Mr. Brandt as a token of the company's esteem. A personal letter of congratulations and commendation was also received by Mr. Hall from President George H. Duxbury.

Shaw Reelected at Pittsburgh

William A. Shaw was reelected president of Pittsburgh Assn. of Insurance Agents at the annual meeting last week. Richard H. Ladley was elected vice-president, and to fill unexpired term, Frank P. Fletcher, retiring vice-president, and E. W. Murphy, were elected directors for three years.

Mrs. Ada G. Doerzbacher is secretary-treasurer.

Butler in New Post

T. J. Butler has resigned as special agent of Boston in the Boston metropolitan area to go with James Simpson & Co. general agency there, as brokerage and agency department manager assisting on marine. He was with Boston four years.

The Women's Insurance Society of Philadelphia presented its annual \$500 award for friendship to Mrs. Robert C. Loving, who has been cheering patients at the Philadelphia General hospital for 54 years. Stanley Cowman of Mather & Co., vice-president of the Insurance Agents & Brokers Assn. of Philadelphia addressed the more than 900 women in attendance.

Insurance Women of Buffalo gave a reception honoring Miss Ethel P. Stevens, president, and Mrs. Lorraine H. Bristol, corresponding secretary, New York State Federation of Insurance Women.

Helen MacMasters of Camden has been elected president of Insurance Women of South New Jersey. Alma Brown and Rose Bargetti are vice-presidents; Norma Schwink and Margaret Vaneman, secretaries; Ava Wolf, treasurer.

SOUTH

\$750,000 Fire Near Atlanta

A spectacular fire at Lithonia, Ga., suburb of Atlanta, destroyed parts of the plant of Grit, Inc., largest granitic grit producing firm in the world, estimating a loss of \$750,000. The plant was fully covered by insurance, according to reports. The destroyed structure was a huge frame portion of the plant. Recent steel additions were not damaged.

Elects Poage President

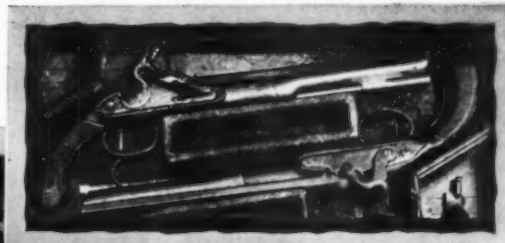
Richard C. Poage, Richmond, Va., was elected president of Mutual Insurance Agents Assn. of Virginia and the District of Columbia at a meeting at Virginia Beach. J. A. Hotinger, Winchester, was named vice-president, and C. Ernest Williams, Richmond, secretary.

BELVIDERE

OUTPOST IN THE WILDERNESS



Belvidere near Wellsville, N.Y., has twenty-six rooms and thirteen fireplaces



History records the tragedy caused by this brace of pistols



Shaving mirror belonged to doctor who attended Hamilton in famous duel

INDIANS and wild animals populated the wilderness in southwestern New York where Philip Church brought his bride in 1805. After studying law in this country and England, he had served as secretary and aide-de-camp to his uncle, Alexander Hamilton. Philip's wife was the former Anna Matilda Stewart of Philadelphia, daughter of General Walter Stewart. Though the rugged frontier life was a test of the young couple's fortitude, they quickly adapted themselves to the new conditions and played a prominent part in the region's growth and development.

The property, a vast 100,000-acre tract originally owned by Robert Morris, had been acquired in 1800 by Philip's father, John Barker Church, who gave his son half interest in return for assuming its administration. First making an exploratory expe-

dition, Philip chose the site for his farm and future home on the banks of the Genesee River. Here a sawmill and gristmill were built and then the home where he brought his bride. It was known as the White House because it was the only painted structure in western New York.

In 1810, Belvidere, the Churches' permanent home, was completed. Designed by Benjamin Latrobe, it was built of stones from a nearby creek and bricks made on the premises. Privately owned today, it is one of this country's purest examples of classic revival architecture.

The Churches maintained friendly relations with the neighboring Indians and always set aside choice farm lands for their use. Each spring the tribesmen planted corn at Belvidere, returning in the fall for the harvest. To Mrs. Church they gave the name Ye-nun-ke-a-wa, meaning "The first white woman who has come" and in Philip's absence during the war of 1812 they offered to place a guard around the house for her protection from enemy marauders.

Until fairly recent years a set of dueling pistols were among Belvidere's prized mementos. Originally belonging to John Barker Church, they were used on three occasions in which the Churches were more or less directly involved. The first was a duel between John Church and Aaron Burr, in which neither participant was injured. The second was the duel in which Philip acted as second to Alexander Hamilton's son Philip when young Hamilton was killed. The third, fought on the same spot, was the famous Hamilton-Burr duel in which Hamilton was fatally wounded.

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This month 60 million readers of national magazines will be told the facts about the fire insurance policy. America Fore advertising aims to help the insurance agent and the insurance industry.

Do you represent an America Fore Company?

"Want to know the truth about the fine print?"

It is sometimes implied that insurance policies contain clauses "in fine print"—to enable companies to disclaim liability. But do you know that in most states a Standard Fire Insurance Policy is in use . . . a policy adopted by the legislatures of those states only after review by state insurance departments and the insurance companies—to make certain that all provisions are in the public interest? Do you know that the minimum-sized type which can be used is specified by law

. . . and that it is the same-sized type as that used in the words "the fine print" appearing in the headline of this advertisement?

To protect yourself, buy your insurance through a competent agent or broker who has been examined and licensed by your state! Consult an America Fore agent. He can provide the coverage you need, and explain it, so you will know what is covered if you have a loss.



To locate an America Fore agent, call Western Union by number and ask for Operator 25

THESE FIVE COMPANIES COMPOSE THE AMERICA FORE INSURANCE GROUP
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- THE SATURDAY EVENING POST
- LIFE
- NEWSWEEK
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- SUCCESSFUL FARMING